

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

iFAST

**iFAST Corporation Ltd.
and its Subsidiaries**

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

**Unaudited Second Quarter and Half Year 2019
Financial Statements Announcement**

Second 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 second quarter and half year ended 30 June 2019

	Group			Group		
	2Q19 \$'000	2Q18 \$'000	Change %	1H19 \$'000	1H18 \$'000	Change %
Revenue	30,638	30,921	(0.9)	57,827	61,880	(6.5)
Commission and fee paid or payable to third party financial advisers	(14,263)	(15,965)	(10.7)	(26,435)	(32,546)	(18.8)
	16,375	14,956	9.5	31,392	29,334	7.0
Other income	472	275	71.6	1,084	559	93.9
Depreciation of plant and equipment	(497)	(415)	19.8	(946)	(798)	18.5
Depreciation of right-of-use assets	(1,498)	-	NM	(2,891)	-	NM
Amortisation of intangible assets	(1,220)	(914)	33.5	(2,392)	(1,834)	30.4
Staff costs	(7,373)	(6,379)	15.6	(14,477)	(12,482)	16.0
Other operating expenses	(3,302)	(4,307)	(23.3)	(6,649)	(8,779)	(24.3)
Results from operating activities	2,957	3,216	(8.1)	5,121	6,000	(14.7)
Finance income	323	246	31.3	578	475	21.7
Finance cost	(296)	(1)	NM	(712)	(1)	NM
Net finance income / (cost)	27	245	(89.0)	(134)	474	NM
Share of results of associates, net of tax	(111)	(62)	79.0	(247)	(90)	174.4
Profit before tax	2,873	3,399	(15.5)	4,740	6,384	(25.8)
Tax expense	(481)	(516)	(6.8)	(799)	(806)	(0.9)
Profit for the period	2,392	2,883	(17.0)	3,941	5,578	(29.3)
Profit attributable to:						
Owners of the Company	2,451	2,935	(16.5)	4,054	5,688	(28.7)
Non-controlling interests	(59)	(52)	13.5	(113)	(110)	2.7
Profit for the period	2,392	2,883	(17.0)	3,941	5,578	(29.3)

NM denotes not meaningful.

FVOCI denotes fair value through other comprehensive income.

FVTPL denotes fair value through profit or loss.

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 second quarter and half year ended 30 June 2019

	2Q19	Group 2Q18	Change	1H19	Group 1H18	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	2,392	2,883	(17.0)	3,941	5,578	(29.3)
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	1	(83)	NM	11	(40)	NM
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	-	NM	(11)	2	NM
Foreign currency translation differences for foreign operations	(81)	519	NM	(165)	413	NM
Share of other comprehensive income of associates	7	(15)	NM	-	(15)	NM
	<u>(73)</u>	<u>421</u>	<u>NM</u>	<u>(165)</u>	<u>360</u>	<u>NM</u>
Items that will not be reclassified subsequently to profit or loss:						
Net change in fair value of financial assets at FVOCI	79	(347)	NM	446	(773)	NM
	<u>79</u>	<u>(347)</u>	<u>NM</u>	<u>446</u>	<u>(773)</u>	<u>NM</u>
Other comprehensive income for the period, net of tax	<u>6</u>	<u>74</u>	<u>(91.9)</u>	<u>281</u>	<u>(413)</u>	<u>NM</u>
Total comprehensive income for the period	<u>2,398</u>	<u>2,957</u>	<u>(18.9)</u>	<u>4,222</u>	<u>5,165</u>	<u>(18.3)</u>
Attributable to:						
Owners of the Company	2,458	3,009	(18.3)	4,335	5,273	(17.8)
Non-controlling interests	(60)	(52)	15.4	(113)	(108)	4.6
Total comprehensive income for the period	<u>2,398</u>	<u>2,957</u>	<u>(18.9)</u>	<u>4,222</u>	<u>5,165</u>	<u>(18.3)</u>

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

	2Q19 \$'000	Group 2Q18 \$'000	Change %	1H19 \$'000	Group 1H18 \$'000	Change %
<u>Profit for the period is arrived at after charging / (crediting) the following:</u>						
Other income						
- Investment income	(460)	(251)	83.3	(971)	(415)	134.0
- Government grant	-	(18)	(100.0)	(89)	(120)	(25.8)
- Miscellaneous income	(12)	(6)	100.0	(24)	(24)	-
	(472)	(275)	71.6	(1,084)	(559)	93.9
Finance income						
- Interest income from cash and cash equivalents	(320)	(212)	50.9	(571)	(393)	45.3
- Interest income from investment in financial assets	(1)	(32)	(96.9)	(3)	(79)	(96.2)
- Interest income from receivables	(2)	(2)	-	(4)	(3)	33.3
	(323)	(246)	31.3	(578)	(475)	21.7
Finance cost						
- Interest expense on bank loans	105	-	NM	335	-	NM
- Interest expense on lease liabilities	191	1	NM	377	1	NM
	296	1	NM	712	1	NM
Lease expense	201	1,693	(88.1)	469	3,253	(85.6)
Foreign exchange loss / (gain), net	193	(101)	NM	433	23	NM
Equity-settled share-based payment transactions, included in staff costs	747	623	19.9	1,437	1,134	26.7
Equity-settled share-based payment transactions, included in commission and fee paid or payable to third party financial advisers	-	83	(100.0)	-	166	(100.0)
Equity-settled share-based payment transactions, included in other operating expenses	8	-	NM	8	-	NM
(Gain) / Loss on redemption of investment in financial assets at FVOCI, included in investment income	-	-	NM	(11)	2	NM
Dividend income on investment in financial assets at FVOCI, included in investment income	(135)	(182)	(25.8)	(295)	(361)	(18.3)
Net gain on investment in financial assets at FVTPL, included in investment income	(316)	(60)	NM	(647)	(38)	NM
Dividend income on investment in associates	(9)	(9)	-	(18)	(18)	-

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	
	30-Jun-19 \$'000	31-Dec-18 \$'000	30-Jun-19 \$'000	31-Dec-18 \$'000
Assets				
Plant and equipment	4,018	3,254	313	107
Right-of-use assets	15,151	-	2,237	-
Intangible assets and goodwill	19,408	17,860	15,783	14,387
Subsidiaries	-	-	50,673	50,665
Associates	3,620	2,951	3,770	2,854
Other investments	5,249	5,062	1,159	972
Deferred tax assets	1,062	987	-	-
Prepayments and others	364	218	11	11
Total non-current assets	48,872	30,332	73,946	68,996
Current tax receivable	14	2	-	-
Other investments	28,553	24,116	20,486	16,115
Uncompleted contracts - buyers	24,942	10,958	-	-
Trade and other receivables	32,712	30,011	21,271	60,971
Prepayments	1,310	1,262	83	22
Money market funds	281	640	-	-
Cash at bank and in hand	23,733	60,661	6,294	4,156
Total current assets	111,545	127,650	48,134	81,264
Held under trust				
Client bank accounts	410,959	312,635	-	-
Client ledger balances	(410,959)	(312,635)	-	-
	-	-	-	-
Total assets	160,417	157,982	122,080	150,260
Equity				
Share capital	66,075	65,969	66,075	65,969
Reserves	21,058	19,595	24,326	18,290
Equity attributable to owners of the Company	87,133	85,564	90,401	84,259
Non-controlling interests	(322)	(209)	-	-
Total equity	86,811	85,355	90,401	84,259
Liabilities				
Deferred tax liabilities	1,610	1,588	1,348	1,272
Lease liabilities	10,453	8	92	-
Total non-current liabilities	12,063	1,596	1,440	1,272
Uncompleted contracts - sellers	24,893	10,929	-	-
Trade and other payables	19,530	21,080	17,970	27,375
Bank loans	10,110	37,354	10,110	37,354
Lease liabilities	5,329	5	2,159	-
Current tax payables	1,681	1,663	-	-
Total current liabilities	61,543	71,031	30,239	64,729
Total liabilities	73,606	72,627	31,679	66,001
Total equity and liabilities	160,417	157,982	122,080	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 30-Jun-19 \$'000		As at 31-Dec-18 \$'000	
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	5,329	-	5	-
Bank loans	-	10,110	-	37,354
	<u>5,329</u>	<u>10,110</u>	<u>5</u>	<u>37,354</u>

Amount repayable after one year

	Group			
	As at 30-Jun-19 \$'000		As at 31-Dec-18 \$'000	
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	<u>10,453</u>	<u>-</u>	<u>8</u>	<u>-</u>

The lease liabilities as at 30 June 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		Group	
	2Q19 \$'000	2Q18 \$'000	1H19 \$'000	1H18 \$'000
Cash flows from operating activities				
Profit for the period	2,392	2,883	3,941	5,578
Adjustments for:				
Depreciation of plant and equipment	497	415	946	798
Depreciation of right-of-use assets	1,498	-	2,891	-
Amortisation of intangible assets	1,220	914	2,392	1,834
Equity-settled share-based payment transactions	755	706	1,445	1,300
Dividend income on investment in financial assets at FVOCI	(135)	(182)	(295)	(361)
(Gain) / Loss on redemption of investment in financial assets at FVOCI	-	-	(11)	2
Net gain on investment in financial assets at FVTPL	(316)	(60)	(647)	(38)
Share of results of associates, net of tax	111	62	247	90
Dividend income on investment in associates	(9)	(9)	(18)	(18)
Foreign exchange loss / (gain), net	193	(101)	433	23
Plant and equipment written off	-	-	-	20
Loss on disposal of plant and equipment	(1)	-	1	-
Net finance (income) / cost	(27)	(245)	134	(474)
Tax expense	481	516	799	806
	6,660	4,899	12,258	9,560
Change in uncompleted contracts and trade and other receivables	3,951	(6,325)	(16,267)	(13,846)
Change in uncompleted contracts and trade and other payables	(3,733)	11,109	13,921	14,774
Cash generated from operations	6,878	9,683	9,912	10,488
Tax paid	(838)	(543)	(854)	(533)
Interest received	323	264	578	460
Interest paid	(209)	(1)	(559)	(1)
Net cash from operating activities	6,154	9,403	9,077	10,414
Cash flows from investing activities				
Purchase of plant and equipment	(827)	(456)	(1,736)	(1,725)
Purchase of intangible assets	(1,672)	(1,089)	(6,424)	(3,840)
Proceeds from disposal of plant and equipment	-	-	1	-
Additional investment in associates	(917)	-	(917)	(836)
Dividend from associates	-	-	18	18
Purchase of investment in financial assets	(45,457)	(21,133)	(70,277)	(39,868)
Proceeds from redemption of investment in financial assets	43,102	24,838	67,249	34,737
Dividends received from investment in financial assets at FVOCI	1	1	3	5
Net cash (used in) / from investing activities	(5,770)	2,161	(12,083)	(11,509)
Cash flows from financing activities				
Proceeds from exercise of share options	73	96	106	103
Purchase of treasury shares	-	-	-	(150)
Repayment of bank loans	(3,627)	-	(27,124)	-
Principal element of lease payments	(1,441)	(1)	(2,753)	(2)
Dividends paid to owners of the Company	(4,425)	(4,389)	(4,425)	(4,389)
Net cash used in financing activities	(9,420)	(4,294)	(34,196)	(4,438)
Net (decrease) / increase in cash and cash equivalents	(9,036)	7,270	(37,202)	(5,533)
Cash and cash equivalents at beginning of the period	33,148	20,644	61,301	33,498
Effect of exchange rate fluctuations on cash held	(98)	332	(85)	281
Cash and cash equivalents at end of the period	24,014	28,246	24,014	28,246

(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										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 2019	65,969	(1,443)	(1,229)	2,113	2,957	(2,010)	(1,404)	20,611	85,564	(209)	
Total comprehensive income for the period											
Profit / (Loss) for the period	-	-	-	-	-	-	-	4,054	4,054	(113)	3,941
Other comprehensive income											
Net change in fair value of financial assets at FVOCI	-	457	-	-	-	-	-	-	457	-	457
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)	-	-	-	-	-	(1)	-	-	-
Foreign currency translation differences for foreign operations	-	-	(165)	-	-	-	-	-	(165)	(1)	(165)
Share of other comprehensive income of associates	-	-	(1)	-	-	-	-	-	-	-	-
Total other comprehensive income	-	446	(165)	-	-	-	-	-	281	-	281
Total comprehensive income for the period	-	446	(165)	-	-	-	-	4,054	4,335	(113)	4,222
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Share options exercised	106	-	-	-	-	-	-	-	106	-	106
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Treasury shares re-issued	-	-	-	-	(1,286)	-	1,205	197	116	-	116
One-tier tax-exempt 2018 final dividend paid of 0.90 cents per share	-	-	-	-	-	-	-	(2,413)	(2,413)	-	(2,413)
One-tier tax-exempt interim dividend paid of 0.75 cents per share	-	-	-	-	-	-	-	(2,012)	(2,012)	-	(2,012)
Equity-settled share-based payment transactions	-	-	-	200	1,237	-	-	-	1,437	-	1,437
Total contributions by and distribution to owners	106	-	-	200	(49)	-	1,205	(4,228)	(2,766)	-	(2,766)
Total transactions with owners	106	-	-	200	(49)	-	1,205	(4,228)	(2,766)	-	(2,766)
At 30 June 2019	66,075	(997)	(1,394)	2,313	2,908	(2,010)	(199)	20,437	87,133	(322)	86,811

(1) Amount less than \$1,000

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

	Group										
	Attributable to owners of the Company										Total equity \$'000
	Share capital	Fair value reserve	Foreign currency translation reserve	Share option reserve	Performance share reserve	Equity reserve	Reserve for own shares	Accumulated profits	Total	Non-controlling interests	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
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	-	-	-	-	-	-	-	5,688	5,688	(110)	5,578
Other comprehensive income											
Net change in fair value of financial assets at FVOCI	-	(813)	-	-	-	-	-	-	(813)	-	(813)
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	-	-	411	-	-	-	-	-	411	2	413
Share of other comprehensive income of associates	-	(2)	(13)	-	-	-	-	-	(15)	-	(15)
Total other comprehensive income	-	(813)	398	-	-	-	-	-	(415)	2	(413)
Total comprehensive income for the period	-	(813)	398	-	-	-	-	5,688	5,273	(108)	5,165
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Share options exercised	103	-	-	-	-	-	-	-	103	-	103
Purchase of treasury shares	-	-	-	-	-	-	(150)	-	(150)	-	(150)
Treasury shares re-issued	-	-	-	-	(1,945)	-	1,286	659	-	-	-
One-tier tax-exempt 2017 final dividend paid of 0.90 cents per share	-	-	-	-	-	-	-	(2,394)	(2,394)	-	(2,394)
One-tier tax-exempt interim dividend paid of 0.75 cents per share	-	-	-	-	-	-	-	(1,995)	(1,995)	-	(1,995)
Equity-settled share-based payment transactions	-	-	-	139	995	-	-	-	1,134	-	1,134
Total contributions by and distribution to owners	103	-	-	139	(950)	-	1,136	(3,730)	(3,302)	-	(3,302)
Total transactions with owners	103	-	-	139	(950)	-	1,136	(3,730)	(3,302)	-	(3,302)
At 30 June 2018	65,648	(1,308)	(1,080)	1,929	1,895	(2,010)	(1,403)	19,536	83,207	(91)	83,116

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 2019	65,969	(1,442)	1,564	2,957	(1,404)	16,615	84,259
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	8,652	8,652
Other comprehensive income							
Net change in fair value of financial assets at FVOCI	-	457	-	-	-	-	457
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	-	446	-	-	-	-	446
Total comprehensive income for the period	-	446	-	-	-	8,652	9,098
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share options exercised	106	-	-	-	-	-	106
Treasury shares re-issued	-	-	-	(1,286)	1,205	197	116
One-tier tax-exempt 2018 final dividend paid of 0.90 cents per share	-	-	-	-	-	(2,413)	(2,413)
One-tier tax-exempt interim dividend paid of 0.75 cents per share	-	-	-	-	-	(2,012)	(2,012)
Equity-settled share-based payment transactions	-	-	10	1,237	-	-	1,247
Total contributions by and distribution to owners	106	-	10	(49)	1,205	(4,228)	(2,956)
Total transactions with owners	106	-	10	(49)	1,205	(4,228)	(2,956)
At 30 June 2019	66,075	(996)	1,574	2,908	(199)	21,039	90,401

(1) Amount less than \$1,000

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

	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							
Profit for the period	-	-	-	-	-	4,658	4,658
Other comprehensive income							
Net change in fair value of financial assets at FVOCI	-	(813)	-	-	-	-	(813)
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	2	-	-	-	-	2
Total other comprehensive income	-	(811)	-	-	-	-	(811)
Total comprehensive income for the period	-	(811)	-	-	-	4,658	3,847
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share options exercised	103	-	-	-	-	-	103
Purchase of treasury shares	-	-	-	-	(150)	-	(150)
Treasury shares re-issued	-	-	-	(1,945)	1,286	659	-
One-tier tax-exempt 2017 final dividend paid of 0.90 cents per share	-	-	-	-	-	(2,394)	(2,394)
One-tier tax-exempt interim dividend paid of 0.75 cents per share	-	-	-	-	-	(1,995)	(1,995)
Equity-settled share-based payment transactions	-	-	-	995	-	-	995
Total contributions by and distribution to owners	103	-	-	(950)	1,136	(3,730)	(3,441)
Total transactions with owners	103	-	-	(950)	1,136	(3,730)	(3,441)
At 30 June 2018	65,648	(1,307)	1,564	1,895	(1,403)	21,109	87,506

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 30 June 2019 excluding treasury shares and subsidiary holdings was 268,510,329 ordinary shares (31 March 2019: 267,555,179 ordinary shares). The movements in the Company's share capital during the second quarter ended 30 June 2019 were as follows:

	Number of ordinary shares
As at 31 March 2019	267,555,179
Exercise of share options	138,250
Vesting of performance shares	711,200
Re-issue of treasury shares	105,700
As at 30 June 2019	<u>268,510,329</u>

iFAST Employee Share Option Scheme and iFAST Share Option Schemes 2003 and 2013 ("iFAST ESOS")

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

	Number of share options
As at 31 March 2019	3,755,940
Share options granted	1,340,600
Exercised	(138,250)
Forfeited	-
As at 30 June 2019	<u>4,958,290</u>

On 1 May 2019, the Company granted the 1,340,600 share options pursuant to the iFAST Employee Share Option Scheme. As at 30 June 2019, the number of outstanding share options under the iFAST ESOS was 4,958,290 (30 June 2018: 4,459,651).

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 March 2019	8,787,700
Performance shares granted but not vested	83,200
Vested	(711,200)
Forfeited	(326,400)
As at 30 June 2019	<u>7,833,300</u>

On 1 May 2019, the Company granted the 83,200 share awards pursuant to the iFAST PSP. As at 30 June 2019, the number of outstanding performance shares granted but not vested under the iFAST PSP was 7,833,300 (30 June 2018: 6,519,500).

Treasury shares and subsidiary holdings

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

	Number of treasury shares
As at 31 March 2019	881,300
Purchased by way of on-market acquisition	-
Purchased by way of off-market acquisition	-
Re-issued	(657,200)
As at 30 June 2019	<u>224,100</u>

As at 30 June 2019, 224,100 (30 June 2018: 1,580,800) treasury shares were held by the Company that may be re-issued upon the exercise of share options under the iFAST ESOS and upon the vesting of performance shares under the iFAST PSP or for other uses pursuant to the Share Buy Back Mandate of the Company renewed at the Annual General Meeting held on 16 April 2019.

The Company has no subsidiary holdings as at 30 June 2019 and 30 June 2018.

As at 30 June 2019, the treasury shares held by the Company represented 0.1% (30 June 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 30-Jun-19	As at 31-Dec-18
Total number of issued shares excluding treasury shares and subsidiary holdings	<u>268,510,329</u>	<u>266,776,679</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 April 2019 and 30 June 2019, the Company transferred 551,500 treasury shares for the fulfilment of share awards vested under the iFAST PSP, and 105,700 treasury shares for the settlement of sales incentive payable by the Group to certain individual investment advisers of the Group's newer business unit of iFAST Global Markets ("IGM") under the Business-to-Business ("B2B") business division of the Group in the form of shares of the Company with a vesting period of two to three years.

The total value of the treasury shares transferred was \$0.58 million in the quarter.

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 30 June 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(l) 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.

	2Q19	2Q18	1H19	1H18
(i) Based on weighted average number of ordinary shares on issue				
- Weighted average number of ordinary shares	268,356,196	266,067,301	267,702,437	265,570,277
Basic earnings per share (cents)	0.91	1.10	1.51	2.14
(ii) On a fully diluted basis of ordinary shares				
- Adjusted weighted average number of ordinary shares	273,830,387	270,816,578	273,740,019	270,593,017
Diluted earnings per share (cents)	0.90	1.08	1.48	2.10

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	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
Net asset value per ordinary share (cents)	<u>32.45</u>	<u>32.07</u>	<u>33.67</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

Although there was a steep fall in financial market in May due to the escalation of the US-China trade tension, the financial markets in developed countries recorded an overall gain in the second quarter of 2019 ("2Q19"), but the Asia (ex Japan) markets, especially the Chinese market, posted some losses in 2Q19.

The Group recorded revenue of \$30.64 million for 2Q19, 12.7% up from the first quarter of 2019 ("1Q19"), however 0.9% slightly lower than the second quarter last year ("2Q18").

The Group's revenue of \$57.83 million for the financial period ended 30 June 2019 ("1H19") was 6.5% lower than the same period last year ("1H18"), mainly resulting from the weak performance of the Group in the first two months of 2019.

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").

	Group			Group		
	2Q19 \$'000	2Q18 \$'000	Change %	1H19 \$'000	1H18 \$'000	Change %
Business-to-Customer business	5,174	4,731	9.4	10,003	9,404	6.4
Business-to-Business business	25,464	26,190	(2.8)	47,824	52,476	(8.9)
Total revenue	30,638	30,921	(0.9)	57,827	61,880	(6.5)

Overall, the year-on-year ("YoY") decreases in total revenue in 2Q19 and 1H19 were due mainly to a decrease in front-end commission income resulting from a drop in customers' investment subscription in unit trusts ("UTs") in the period compared to the same period last year, influenced by the weak investors' sentiment in equity markets resulting from the higher global uncertainties from the second half of 2018. However, the customers' investment subscription in UTs grew 34.2% quarter-on-quarter ("QoQ") in 2Q19, compared to 1Q19.

For B2C division, its revenue was up 9.4% YoY in 2Q19 and 6.4% YoY in 1H19. These were due mainly to an increase in transaction fee resulting from increased investment subscription from customers in newer products including bonds, exchange-traded funds ("ETFs"), stocks, discretionary portfolio management services ("DPMS") and higher interest income arising from increased clients' assets under administration ("AUA") in the period.

For B2B division, its gross revenue was down 2.8% YoY in 2Q19 and 8.9% YoY in 1H19. 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 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 period.

However, the Group's AUA was up 3.3% QoQ to reach a new record high of \$9.04 billion as at 30 June 2019, 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 as well as some market recovery in the quarter.

Commission and fee paid or payable to third party financial advisers

Commission and fee paid or payable to third party financial advisers decreased by 10.7% from \$15.97 million in 2Q18 to \$14.26 million in 2Q19 and 18.8% from \$32.55 million in 1H18 to \$26.44 million in 1H19, due mainly to a YoY decrease in front-end commission income from UT 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 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 \$16.38 million in 2Q19 was 9.5% higher than 2Q18 and the net revenue of \$31.39 million in 1H19 was 7.0% higher than 1H18, with the breakdown by business divisions as follows.

	2Q19 \$'000	Group 2Q18 \$'000	Change %	1H19 \$'000	Group 1H18 \$'000	Change %
Business-to-Customer business	5,174	4,731	9.4	10,003	9,404	6.4
Business-to-Business business	11,201	10,225	9.5	21,389	19,930	7.3
Total net revenue	16,375	14,956	9.5	31,392	29,334	7.0

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. In 2Q19, 81.0% of net revenue is derived from recurring net revenue and 19.0% is from non-recurring net revenue. In 1H19, 82.2% of net revenue is derived from recurring net revenue and 17.8% is from non-recurring net revenue.

	2Q19 \$'000	Group 2Q18 \$'000	Change %	1H19 \$'000	Group 1H18 \$'000	Change %
Recurring net revenue	13,256	12,172	8.9	25,806	23,708	8.8
Non-recurring net revenue	3,119	2,784	12.0	5,586	5,626	(0.7)
Total net revenue	16,375	14,956	9.5	31,392	29,334	7.0

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 2Q19 and 1H19 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 period. The average AUA of the Group grew 6.9% YoY to \$8.75 billion in 2Q19 and 5.9% YoY to \$8.52 billion in 1H19.

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; brokerage service fee from arranging for insurance policies, 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 1H19 was due mainly to a decrease in front-end commission income from UT business in 1Q19, which was substantially offset by the increase in non-recurring net revenue in 2Q19 arising from 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.

	2Q19 \$'000	Group 2Q18 \$'000	Change %	1H19 \$'000	Group 1H18 \$'000	Change %
Singapore	10,721	9,871	8.6	20,491	19,623	4.4
Hong Kong	3,945	3,653	8.0	7,618	7,047	8.1
Malaysia	1,642	1,164	41.1	3,035	2,222	36.6
	16,308	14,688	11.0	31,144	28,892	7.8
China	67	268	(75.0)	248	442	(43.9)
Total net revenue	16,375	14,956	9.5	31,392	29,334	7.0

Breaking down by geographical segment, Singapore operation is still the major contributor of the Group's net revenue. The higher YoY growth in the business of new products and services launched in recent years in 2Q19 and 1H19 led to the decent YoY growth in the net revenue in Singapore operation in the period. In June 2019, the FSMOne.com platform launched a new cash management solution, through the FSM Auto-Sweep Account, in the Singapore market to help investors better manage their spare funds. The AUA of Singapore operation grew 9.0% YoY as at 30 June 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 in 2Q19 and 1H19. The UT investments from customers also rebounded in 2Q19 and grew 63.7% QoQ in the quarter. The net revenue in Hong Kong operation grew 8.0% YoY in 2Q19 and 8.1% YoY in 1H19. The AUA of Hong Kong operation grew 4.3% YoY as at 30 June 2019.

In Malaysia, since the launch of retail bonds under New Securities Commission Seasoning Framework in the market on 4 April 2019, the bond business grew significantly in 2Q19. Further, the iFAST Fintech solutions division launched in 2018 continued to contribute positively to the net revenue in the period. The net revenue in Malaysia operation grew 41.1% YoY in 2Q19 and 36.6% YoY in 1H19. The AUA of Malaysia operation grew 16.1% YoY as at 30 June 2019.

In 2Q19, the China business underperformed, mainly resulting from the significant underperformance of the Chinese financial market in the quarter especially after the US-China trade war escalated in May when the US raised tariffs on the Chinese imports. The AUA of China operation was down 9.1% YoY as at 30 June 2019.

Recently, China announced to lift some restrictions on foreign investment in the financial sector so as to fight slowing growth in its home market and a damaging trade war with the US. In 2Q19, the Group has, through its HK operation, incorporated a Wholly Foreign Owned Enterprise Private Fund Management company (“iFAST PFM”) in the China (Shanghai) Pilot Free Trade Zone. iFAST PFM will be registering with the Asset Management Association of China for Private Fund Management Licence. With the license, iFAST PFM can be offering private funds to qualified onshore individual and institutional investors in China.

Other income

Other income increased by \$0.19 million or 71.6% from \$0.28 million in 2Q18 to \$0.47 million in 2Q19 and \$0.52 million or 93.9% from \$0.56 million in 1H18 to \$1.08 million in 1H19, due mainly to higher investment income on investment in financial assets at FVTPL in the period.

Operating expenses

Excluding China operation, the Group’s operating expenses increased by \$1.91 million or 18.0% from \$10.61 million in 2Q18 to \$12.52 million in 2Q19 and \$3.49 million or 16.6% from \$21.09 million in 1H18 to \$24.58 million in 1H19. 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.

For our China operation, operating expenses in 2Q19 and 1H19 were slightly lower than the same period last year. The Group is continuing to spend efforts in building its brand and business in the China market in the period, but with more effective cost controls.

Overall, the Group’s total operating expenses increased by \$1.87 million or 15.6% from \$12.02 million in 2Q18 to \$13.89 million in 2Q19 and \$3.47 million or 14.5% from \$23.89 million in 1H18 to \$27.36 million in 1H19. The following table shows the breakdown of the Group’s operating expenses by its existing markets and China market.

	2Q19	Group	Change	1H19	Group	Change
	\$'000	2Q18	%	\$'000	1H18	%
Operating expenses (excluding China operation)	12,522	10,614	18.0	24,584	21,089	16.6
Operating expenses in China operation	1,368	1,401	(2.4)	2,771	2,804	(1.2)
Total operating expenses	13,890	12,015	15.6	27,355	23,893	14.5

Depreciation of plant and equipment increased by \$0.08 million or 19.8% from \$0.42 million in 2Q18 to \$0.50 million in 2Q19 and \$0.15 million or 18.5% from \$0.80 million in 1H18 to \$0.95 million in 1H19. Amortisation of intangible assets increased by \$0.31 million or 33.5% from \$0.91 million in 2Q18 to \$1.22 million in 2Q19 and \$0.56 million or 30.4% from \$1.83 million in 1H18 to \$2.39 million in 1H19. 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 \$1.50 million and \$2.89 million was recognised in 2Q19 and 1H19 respectively, due 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 \$0.99 million or 15.6% from \$6.38 million in 2Q18 to \$7.37 million in 2Q19 and \$2.00 million or 16.0% from \$12.48 million in 1H18 to \$14.48 million in 1H19, 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 batches of performance shares granted to the Group's employees in 1H19.

Other operating expenses decreased by \$1.01 million or 23.3% from \$4.31 million in 2Q18 to \$3.30 million in 2Q19 and \$2.13 million or 24.3% from \$8.78 million in 1H18 to \$6.65 million in 1H19, due mainly to a decrease in lease expense in the period following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 5. These were partially offset by increases in advertising, IT services, 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 in the period.

Net finance income / (cost)

Finance income increased by \$0.07 million or 31.3% from \$0.25 million in 2Q18 to \$0.32 million in 2Q19 and \$0.10 million or 21.7% from \$0.48 million in 1H18 to \$0.58 million in 1H19. 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 \$0.11 million on bank loans and interest expense of \$0.19 million on lease liabilities in 2Q19 and interest expense of \$0.34 million on bank loans and interest expense of \$0.38 million on lease liabilities in 1H19. 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 interest expense on lease liabilities was recognised in the period, following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 5.

Overall, net finance income of \$0.03 million was recorded in 2Q19 compared to \$0.25 million in 2Q18, and net finance cost of \$0.13 million was incurred in 1H19, while net finance income of \$0.47 million was in 1H18.

Share of results of associates, net of tax

The Group's share of loss after tax of associates increased from \$0.06 million in 2Q18 to \$0.11 million in 2Q19, and from \$0.09 million in 1H18 to \$0.25 million in 1H19. This was due mainly to the higher operating losses incurred by an associate, namely Providend Holding Pte Ltd ("Providend") in the period, 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 2Q19 and 1H19. 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 28.09 billion (equivalent to \$551 million) as at 30 June 2019, growing at a 5-year compound annual growth rate (“CAGR”) of approximately 39.9%. The Group has an effective shareholding of 24.7% in iFAST India as at 30 June 2019.

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.

	Group			Group		
	2Q19 \$'000	2Q18 \$'000	Change %	1H19 \$'000	1H18 \$'000	Change %
Singapore	3,010	3,208	(6.2)	5,011	6,211	(19.3)
Hong Kong	843	1,002	(15.9)	1,517	1,813	(16.3)
Malaysia	413	358	15.4	928	763	21.6
Other ⁽¹⁾	(111)	(62)	79.0	(247)	(90)	174.4
Profit before tax (excluding China operation)	4,155	4,506	(7.8)	7,209	8,697	(17.1)
Tax expense	(481)	(516)	(6.8)	(799)	(806)	(0.9)
Net profit after tax (excluding China operation)	3,674	3,990	(7.9)	6,410	7,891	(18.8)
China operation ⁽²⁾	(1,223)	(1,055)	15.9	(2,356)	(2,203)	6.9
Net profit after tax (including China operation)	2,451	2,935	(16.5)	4,054	5,688	(28.7)

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 \$0.35 million or 7.8% from \$4.51 million in 2Q18 to \$4.16 million in 2Q19 and \$1.49 million or 17.1% from \$8.70 million in 1H18 to \$7.21 million in 1H19. The lower profitability of the Group, especially Singapore and Hong Kong operations, in the period 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 as well as a volatile 1H19 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. However, the Group’s business has shown significant improvements in 2Q19 compared to 1Q19, and the profit before tax (excluding China operation) was up 36.1% QoQ in the quarter.

Tax expense decreased 6.8% YoY in 2Q19 and 0.9% YoY in 1H19, due mainly to lower tax provision recognised by Singapore operation arising from lower net profit earned in the period.

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 especially after the US-China trade war escalated in May when the US raised tariffs on the Chinese imports, the China business underperformed in the period. It resulted in higher losses in the period. In 2Q19, the Group has, through its HK operation, incorporated a Wholly Foreign Owned Enterprise Private Fund Management company in the China (Shanghai) Pilot Free Trade Zone to consider launching the private funds business in China.

Including China operation and tax expense, the Group’s net profit after tax decreased by \$0.49 million or 16.5% from \$2.94 million in 2Q18 to \$2.45 million in 2Q19 and \$1.64 million or 28.7% from \$5.69 million in 1H18 to \$4.05 million in 1H19. But the Group’s net profit after tax was up 52.9% QoQ in 2Q19, benefitting from the increased AUA of the Group in the quarter. The Group’s AUA has reached a new record high of \$9.04 billion as at 30 June 2019.

Statement of Financial Position

The shareholders' equity of the Group increased to \$87.13 million as at 30 June 2019 from \$85.56 million as at 31 December 2018. This was due mainly to contribution of net profit generated in 1H19 and an increase in fair value of financial assets at FVOCI in the period, partially offset by payments of dividends in 2Q19.

The Group's cash and cash equivalents and investments in financial assets (categorised as other investments under current assets) net of bank loans, decreased to \$42.46 million as at 30 June 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 and dividends in 1H19, partially offset by net cash generated from operating activities in the period.

Current assets decreased to \$111.55 million as at 30 June 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 period, which partially offset by increases in receivables from uncompleted contracts on securities dealing at end of the period.

Non-current assets increased to \$48.87 million as at 30 June 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 1H19, additional investment in an associate in 2Q19 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 \$73.61 million as at 30 June 2019 from \$72.63 million as at 31 December 2018. This was due mainly to increases payables from uncompleted contracts on securities dealing at end of the period and significant increases in lease liabilities in the period following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 5, partially offset by repayment of some bank loans in 1H19.

Consolidated Statement of Cash Flows

Net cash from operating activities decreased from \$9.40 million in 2Q18 to \$6.15 million in 2Q19 and from \$10.41 million in 1H18 to \$9.08 million in 1H19. These were due mainly to some cross-quarter funding for transfer-in of customers' investment holdings from other external platforms to iFAST platform being repaid in 2Q18 and lower operating profit generated in 1H19, partially offset by the principal element of operating lease payments (categorised under cash flows from operating activities in the years before 2019) being moved to the category of cash flows from financing activities in the period following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 5.

Net cash of \$5.77 million was used in investing activities in 2Q19 while net cash of \$2.16 million was generated from investing activities in 2Q18, due mainly to additional investment in financial assets in 2Q19 compared to net redemption proceeds from investment in financial assets in 2Q18. Net cash used in investing activities increased from \$11.51 million in 1H18 to \$12.08 million in 1H19, due mainly to settlement of some intangible assets acquired at 31 December 2018 in 1Q19.

Net cash used in financing activities increased from \$4.29 million in 2Q18 to \$9.42 million in 2Q19 and from \$4.44 million in 1H18 to \$34.20 million in 1H19, due mainly to repayment of some bank loans in the period and the higher lease payments under cash flows from financing activities in the period 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.

Despite volatile financial market conditions and generally jittery investor sentiments in Asia in 1H2019, the Group's AUA (assets under administration) grew 12.2% year-to-date, from \$8.05 billion at the beginning of 2019 to a record high of \$9.04 billion at the end of 1H2019.

Record AUAs have been achieved in our Singapore, Hong Kong and Malaysia operations, as our businesses have benefited from our continuous efforts in improving the range and depth of our products and services. Our China business has however gone through a slow 1H2019, as tough financial market conditions and changing regulatory environment in China have slowed down the pace at which we have been able to introduce our services more broadly.

Our net profit in 2Q2019 improved substantially by 52.9% from a weak 1Q2019, though it was still 16.5% lower than 2Q2018. The YoY decline in the 2Q2019 profit despite the record AUA achieved in the quarter was because of the continuing investments that we have put into our platform capabilities, particularly in our IT Fintech capabilities.

The Group is of the view that at this stage of the overall development of the Fintech industry, continuing enhancements of our overall capabilities will position ourselves for any new and emerging opportunities. For instance, several countries including Singapore have in recent times announced intention to introduce new frameworks that will allow non-traditional banking players to enter the digital banking or virtual banking business.

Overall, the Group believes that growth opportunities in Asia's wealth management still remain very substantial, and we are well-positioned to benefit from these opportunities 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 21 August 2019.

(d) Books closure date

The Register of Members and Share Transfer Books of the Company will be closed on 8 August 2019 for the purpose of determining members' entitlements to the second 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 7 August 2019 will be registered to determine members' entitlement to the second 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 7 August 2019 will be entitled to the second 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 30 June 2019.

	Allocation of IPO proceeds	Amount reallocated on 26 October 2018	IPO proceeds utilised as at 30 June 2019	Balance of IPO proceeds
Use of net proceeds	\$' million	\$' million	\$' million	\$' million
Mergers and acquisitions strategy	27.2	19.2	12.4	6.8
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	15.2	0.8
Working capital purposes	5.8	5.8	5.8 ⁽²⁾	-
Net Proceeds	48.0 ⁽¹⁾	48.0	40.4	7.6

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 \$7.6 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 second quarter and half year ended 30 June 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Leung Fung Yat, David
Chief Financial Officer
27 July 2019