

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 Third Quarter and Nine Months ended
30 September 2019
Financial Statements Announcement**

Third 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 third quarter and nine months ended 30 September 2019

	Group			Group		
	3Q19 \$'000	3Q18 \$'000	Change %	9M19 \$'000	9M18 \$'000	Change %
Revenue	33,766	31,376	7.6	91,593	93,256	(1.8)
Commission and fee paid or payable to third party financial advisers	(16,915)	(15,911)	6.3	(43,350)	(48,457)	(10.5)
	16,851	15,465	9.0	48,243	44,799	7.7
Other income	439	340	29.1	1,523	899	69.4
Depreciation of plant and equipment	(483)	(430)	12.3	(1,429)	(1,228)	16.4
Depreciation of right-of-use assets	(1,620)	-	NM	(4,511)	-	NM
Amortisation of intangible assets	(1,296)	(951)	36.3	(3,688)	(2,785)	32.4
Staff costs	(7,665)	(6,868)	11.6	(22,142)	(19,350)	14.4
Other operating expenses	(3,409)	(4,615)	(26.1)	(10,058)	(13,394)	(24.9)
Results from operating activities	2,817	2,941	(4.2)	7,938	8,941	(11.2)
Finance income	319	254	25.6	897	729	23.0
Finance cost	(292)	(21)	NM	(1,004)	(22)	NM
Net finance income / (cost)	27	233	(88.4)	(107)	707	NM
Share of results of associates, net of tax	87	(19)	NM	(160)	(109)	46.8
Profit before tax	2,931	3,155	(7.1)	7,671	9,539	(19.6)
Tax expense	(524)	(615)	(14.8)	(1,323)	(1,421)	(6.9)
Profit for the period	2,407	2,540	(5.2)	6,348	8,118	(21.8)
Profit attributable to:						
Owners of the Company	2,460	2,602	(5.5)	6,514	8,290	(21.4)
Non-controlling interests	(53)	(62)	(14.5)	(166)	(172)	(3.5)
Profit for the period	2,407	2,540	(5.2)	6,348	8,118	(21.8)

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 third quarter and nine months ended 30 September 2019

	3Q19	Group 3Q18	Change	9M19	Group 9M18	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	2,407	2,540	(5.2)	6,348	8,118	(21.8)
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	(3)	12	NM	8	(28)	NM
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	(19)	(100.0)	(11)	(17)	(35.3)
Foreign currency translation differences for foreign operations	335	(101)	NM	170	312	(45.5)
Share of other comprehensive income of associates	(14)	(6)	133.3	(14)	(21)	(33.3)
	<u>318</u>	<u>(114)</u>	<u>NM</u>	<u>153</u>	<u>246</u>	<u>(37.8)</u>
Items that will not be reclassified subsequently to profit or loss:						
Net change in fair value of financial assets at FVOCI	(33)	(15)	120.0	413	(788)	NM
	<u>(33)</u>	<u>(15)</u>	<u>120.0</u>	<u>413</u>	<u>(788)</u>	<u>NM</u>
Other comprehensive income for the period, net of tax	<u>285</u>	<u>(129)</u>	<u>NM</u>	<u>566</u>	<u>(542)</u>	<u>NM</u>
Total comprehensive income for the period	<u>2,692</u>	<u>2,411</u>	<u>11.7</u>	<u>6,914</u>	<u>7,576</u>	<u>(8.7)</u>
Attributable to:						
Owners of the Company	2,746	2,476	10.9	7,081	7,749	(8.6)
Non-controlling interests	(54)	(65)	(16.9)	(167)	(173)	(3.5)
Total comprehensive income for the period	<u>2,692</u>	<u>2,411</u>	<u>11.7</u>	<u>6,914</u>	<u>7,576</u>	<u>(8.7)</u>

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

	Group			Group		
	3Q19	3Q18	Change	9M19	9M18	Change
	\$'000	\$'000	%	\$'000	\$'000	%
<u>Profit for the period is arrived at after charging / (crediting) the following:</u>						
Other income						
- Investment income	(390)	(328)	18.9	(1,361)	(743)	83.2
- Government grant	(37)	(2)	NM	(126)	(122)	3.3
- Miscellaneous income	(12)	(10)	20.0	(36)	(34)	5.9
	(439)	(340)	29.1	(1,523)	(899)	69.4
Finance income						
- Interest income from cash and cash equivalents	(60)	(84)	(28.6)	(209)	(224)	(6.7)
- Interest income from clients trade settlement bank accounts	(255)	(152)	67.8	(677)	(405)	67.2
- Interest income from investment in financial assets	(3)	(17)	(82.4)	(6)	(96)	(93.8)
- Interest income from receivables	(1)	(1)	-	(5)	(4)	25.0
	(319)	(254)	25.6	(897)	(729)	23.0
Finance cost						
- Interest expense on bank loans	87	21	NM	422	21	NM
- Interest expense on lease liabilities	205	-	NM	582	1	NM
	292	21	NM	1,004	22	NM
Lease expense	62	1,661	(96.3)	531	4,914	(89.2)
Foreign exchange loss / (gain), net	92	(74)	NM	525	(51)	NM
Equity-settled share-based payment transactions, included in staff costs	816	613	33.1	2,253	1,747	29.0
Equity-settled share-based payment transactions, included in commission and fee paid or payable to third party financial advisers	-	-	NM	-	166	(100.0)
Equity-settled share-based payment transactions, included in other operating expenses	23	-	NM	31	-	NM
Gain on redemption of investment in financial assets at FVOCI, included in investment income	-	(19)	(100.0)	(11)	(17)	(35.3)
Dividend income on investment in financial assets at FVOCI, included in investment income	(149)	(182)	(18.1)	(444)	(543)	(18.2)
Net gain on investment in financial assets at FVTPL, included in investment income	(232)	(118)	96.6	(879)	(156)	463.5
Dividend income on investment in associates	(9)	(9)	-	(27)	(27)	-

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-Sep-19 \$'000	31-Dec-18 \$'000	30-Sep-19 \$'000	31-Dec-18 \$'000
Assets				
Plant and equipment	3,920	3,254	238	107
Right-of-use assets	16,094	-	1,557	-
Intangible assets and goodwill	20,295	17,860	16,646	14,387
Subsidiaries	-	-	51,161	50,665
Associates	4,941	2,951	5,019	2,854
Other investments	5,249	5,062	1,159	972
Deferred tax assets	1,096	987	-	-
Prepayments and others	319	218	11	11
Total non-current assets	51,914	30,332	75,791	68,996
Current tax receivable	25	2	-	-
Other investments	29,177	24,116	17,272	16,115
Uncompleted contracts - buyers	19,636	10,958	-	-
Trade and other receivables	33,578	30,011	27,589	60,971
Prepayments	1,312	1,262	136	22
Money market funds	449	640	-	-
Cash at bank and in hand	22,113	60,661	1,419	4,156
Total current assets	106,290	127,650	46,416	81,264
Held under trust				
Client bank accounts	420,865	312,635	-	-
Client ledger balances	(420,865)	(312,635)	-	-
	-	-	-	-
Total assets	158,204	157,982	122,207	150,260
Equity				
Share capital	66,137	65,969	66,137	65,969
Reserves	22,605	19,595	22,015	18,290
Equity attributable to owners of the Company	88,742	85,564	88,152	84,259
Non-controlling interests	(376)	(209)	-	-
Total equity	88,366	85,355	88,152	84,259
Liabilities				
Deferred tax liabilities	1,730	1,588	1,457	1,272
Lease liabilities	11,725	8	80	-
Total non-current liabilities	13,455	1,596	1,537	1,272
Uncompleted contracts - sellers	19,525	10,929	-	-
Trade and other payables	20,145	21,080	20,660	27,375
Bank loans	10,367	37,354	10,367	37,354
Lease liabilities	5,067	5	1,491	-
Current tax payables	1,279	1,663	-	-
Total current liabilities	56,383	71,031	32,518	64,729
Total liabilities	69,838	72,627	34,055	66,001
Total equity and liabilities	158,204	157,982	122,207	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-Sep-19 \$'000		As at 31-Dec-18 \$'000	
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	5,067	-	5	-
Bank loans	-	10,367	-	37,354
	<u>5,067</u>	<u>10,367</u>	<u>5</u>	<u>37,354</u>

Amount repayable after one year

	Group			
	As at 30-Sep-19 \$'000		As at 31-Dec-18 \$'000	
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	<u>11,725</u>	<u>-</u>	<u>8</u>	<u>-</u>

The lease liabilities as at 30 September 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	
	3Q19 \$'000	3Q18 \$'000	9M19 \$'000	9M18 \$'000
Cash flows from operating activities				
Profit for the period	2,407	2,540	6,348	8,118
Adjustments for:				
Depreciation of plant and equipment	483	430	1,429	1,228
Depreciation of right-of-use assets	1,620	-	4,511	-
Amortisation of intangible assets	1,296	951	3,688	2,785
Equity-settled share-based payment transactions	839	613	2,284	1,913
Dividend income on investment in financial assets at FVOCI	(149)	(182)	(444)	(543)
Gain on redemption of investment in financial assets at FVOCI	-	(19)	(11)	(17)
Net gain on investment in financial assets at FVTPL	(232)	(118)	(879)	(156)
Share of results of associates, net of tax	(87)	19	160	109
Dividend income on investment in associates	(9)	(9)	(27)	(27)
Foreign exchange loss / (gain), net	92	(74)	525	(51)
Plant and equipment written off	-	-	-	20
Loss on disposal of plant and equipment	-	-	1	-
Net finance (income) / cost	(27)	(233)	107	(707)
Tax expense	524	615	1,323	1,421
	<u>6,757</u>	<u>4,533</u>	<u>19,015</u>	<u>14,093</u>
Change in uncompleted contracts and trade and other receivables	5,346	9,568	(10,921)	(4,278)
Change in uncompleted contracts and trade and other payables	(3,644)	(10,201)	10,277	4,573
Cash generated from operations	8,459	3,900	18,371	14,388
Tax paid	(842)	(553)	(1,696)	(1,086)
Interest received	319	253	897	713
Interest paid	(205)	(1)	(764)	(1)
Net cash from operating activities	7,731	3,600	16,808	14,014
Cash flows from investing activities				
Purchase of plant and equipment	(363)	(562)	(2,099)	(2,287)
Purchase of intangible assets	(1,698)	(1,303)	(8,122)	(5,143)
Proceeds from disposal of plant and equipment	-	-	1	-
Additional investment in associates	(1,248)	-	(2,165)	(836)
Dividend from associates	18	18	36	36
Purchase of investment in financial assets	(47,828)	(16,980)	(118,105)	(56,848)
Proceeds from redemption of investment in financial assets	45,280	16,862	112,529	51,599
Dividends received from investment in financial assets at FVOCI	1	2	4	7
Net cash used in investing activities	(5,838)	(1,963)	(17,921)	(13,472)
Cash flows from financing activities				
Proceeds from exercise of share options	62	194	168	297
Purchase of treasury shares	-	-	-	(150)
Drawdown of bank loans	-	9,890	-	9,890
Repayment of bank loans	-	-	(27,124)	-
Principal element of lease payments	(1,562)	(2)	(4,315)	(4)
Dividends paid to owners of the Company	(2,015)	(1,998)	(6,440)	(6,387)
Net cash (used in) / from financing activities	(3,515)	8,084	(37,711)	3,646
Net (decrease) / increase in cash and cash equivalents	(1,622)	9,721	(38,824)	4,188
Cash and cash equivalents at beginning of the period	24,014	28,246	61,301	33,498
Effect of exchange rate fluctuations on cash held	170	(109)	85	172
Cash and cash equivalents at end of the period	22,562	37,858	22,562	37,858

(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	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 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	-	-	-	-	-	-	-	6,514	6,514	(166)	6,348
Other comprehensive income											
Net change in fair value of financial assets at FVOCI	-	421	-	-	-	-	-	-	421	-	421
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	-	-	171	-	-	-	-	-	171	(1)	170
Share of other comprehensive income of associates	-	(1)	(14)	-	-	-	-	-	(14)	-	(14)
Total other comprehensive income	-	410	157	-	-	-	-	-	567	(1)	566
Total comprehensive income for the period	-	410	157	-	-	-	-	6,514	7,081	(167)	6,914
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Share options exercised	168	-	-	-	-	-	-	-	168	-	168
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)
One-tier tax-exempt interim dividend paid of 0.75 cents per share	-	-	-	-	-	-	-	(2,015)	(2,015)	-	(2,015)
Equity-settled share-based payment transactions	-	-	-	318	1,935	-	-	-	2,253	-	2,253
Total contributions by and distribution to owners	168	-	-	318	649	-	1,205	(6,243)	(3,903)	-	(3,903)
Total transactions with owners	168	-	-	318	649	-	1,205	(6,243)	(3,903)	-	(3,903)
At 30 September 2019	66,137	(1,033)	(1,072)	2,431	3,606	(2,010)	(199)	20,882	88,742	(376)	88,366

(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	-	-	-	-	-	-	-	8,290	8,290	(172)	8,118
Other comprehensive income											
Net change in fair value of financial assets at FVOCI	-	(816)	-	-	-	-	-	-	(816)	-	(816)
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	(17)	-	-	-	-	-	-	(17)	-	(17)
Foreign currency translation differences for foreign operations	-	-	313	-	-	-	-	-	313	(1)	312
Share of other comprehensive income of associates	-	(2)	(19)	-	-	-	-	-	(21)	-	(21)
Total other comprehensive income	-	(835)	294	-	-	-	-	-	(541)	(1)	(542)
Total comprehensive income for the period	-	(835)	294	-	-	-	-	8,290	7,749	(173)	7,576
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Share options exercised	297	-	-	-	-	-	-	-	297	-	297
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)
One-tier tax-exempt interim dividend paid of 0.75 cents per share	-	-	-	-	-	-	-	(1,998)	(1,998)	-	(1,998)
Equity-settled share-based payment transactions	-	-	-	221	1,526	-	-	-	1,747	-	1,747
Total contributions by and distribution to owners	297	-	-	221	(419)	-	1,136	(5,728)	(4,493)	-	(4,493)
Total transactions with owners	297	-	-	221	(419)	-	1,136	(5,728)	(4,493)	-	(4,493)
At 30 September 2018	65,842	(1,330)	(1,184)	2,011	2,426	(2,010)	(1,403)	20,140	84,492	(156)	84,336

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	-	-	-	-	-	7,674	7,674
Other comprehensive income							
Net change in fair value of financial assets at FVOCI	-	421	-	-	-	-	421
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	-	410	-	-	-	-	410
Total comprehensive income for the period	-	410	-	-	-	7,674	8,084
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share options exercised	168	-	-	-	-	-	168
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)
One-tier tax-exempt interim dividend paid of 0.75 cents per share	-	-	-	-	-	(2,015)	(2,015)
Equity-settled share-based payment transactions	-	-	30	1,935	-	-	1,965
Total contributions by and distribution to owners	168	-	30	649	1,205	(6,243)	(4,191)
Total transactions with owners	168	-	30	649	1,205	(6,243)	(4,191)
At 30 September 2019	66,137	(1,032)	1,594	3,606	(199)	18,046	88,152

(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	-	-	-	-	-	4,756	4,756
Other comprehensive income							
Net change in fair value of financial assets at FVOCI	-	(816)	-	-	-	-	(816)
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	(17)	-	-	-	-	(17)
Total other comprehensive income	-	(833)	-	-	-	-	(833)
Total comprehensive income for the period	-	(833)	-	-	-	4,756	3,923
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share options exercised	297	-	-	-	-	-	297
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)
One-tier tax-exempt interim dividend paid of 0.75 cents per share	-	-	-	-	-	(1,998)	(1,998)
Equity-settled share-based payment transactions	-	-	-	1,526	-	-	1,526
Total contributions by and distribution to owners	297	-	-	(419)	1,136	(5,728)	(4,714)
Total transactions with owners	297	-	-	(419)	1,136	(5,728)	(4,714)
At 30 September 2018	65,842	(1,329)	1,564	2,426	(1,403)	19,209	86,309

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 September 2019 excluding treasury shares and subsidiary holdings was 268,652,979 ordinary shares (30 June 2019: 268,510,329 ordinary shares). The movements in the Company's share capital during the third quarter ended 30 September 2019 were as follows:

	Number of ordinary shares
As at 30 June 2019	268,510,329
Exercise of share options	142,650
Vesting of performance shares	-
Re-issue of treasury shares	-
As at 30 September 2019	<u><u>268,652,979</u></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 30 June 2019	4,958,290
Share options granted	-
Exercised	(142,650)
Forfeited	-
As at 30 September 2019	<u><u>4,815,640</u></u>

As at 30 September 2019, the number of outstanding share options under the iFAST ESOS was 4,815,640 (30 September 2018: 4,117,040).

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 30 June 2019	7,833,300
Performance shares granted but not vested	-
Vested	-
Forfeited	(56,500)
As at 30 September 2019	<u><u>7,776,800</u></u>

As at 30 September 2019, the number of outstanding performance shares granted but not vested under the iFAST PSP was 7,776,800 (30 September 2018: 6,445,200).

Treasury shares and subsidiary holdings

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

	Number of treasury shares
As at 30 June 2019	224,100
Purchased by way of on-market acquisition	-
Purchased by way of off-market acquisition	-
Re-issued	-
As at 30 September 2019	<u><u>224,100</u></u>

As at 30 September 2019, 224,100 (30 September 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 September 2019 and 30 September 2018.

As at 30 September 2019, the treasury shares held by the Company represented 0.1% (30 September 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-Sep-19	As at 31-Dec-18
Total number of issued shares excluding treasury shares and subsidiary holdings	<u><u>268,652,979</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.

There were no sales, transfer, cancellation and/or use of treasury shares during the third quarter ended 30 September 2019.

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 September 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:

Group	1-Jan-19 \$'000
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.

	3Q19	3Q18	9M19	9M18
(i) Based on weighted average number of ordinary shares on issue				
- Weighted average number of ordinary shares	268,603,429	266,367,421	268,002,768	265,835,991
Basic earnings per share (cents)	0.92	0.98	2.43	3.12
(ii) On a fully diluted basis of ordinary shares				
- Adjusted weighted average number of ordinary shares	274,243,578	272,067,687	274,331,298	271,461,535
Diluted earnings per share (cents)	0.90	0.96	2.37	3.05

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-Sep-19	31-Dec-18	30-Sep-19	31-Dec-18
Net asset value per ordinary share (cents)	<u>33.03</u>	<u>32.07</u>	<u>32.81</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

The third quarter of 2019 ("3Q19") was a mixed quarter for the global financial market, with developed markets making small gains while the Asia (ex Japan) markets fell amid renewed intensification of US-China trade tensions and rising concerns over global growth.

The Group recorded revenue of \$33.77 million for 3Q19, 7.6% higher than the third quarter last year ("3Q18"). However, the Group's revenue of \$91.59 million for the financial period ended 30 September 2019 ("9M19") was still 1.8% slightly lower than the same period last year ("9M18") resulting from the weak performance of the Group at the beginning 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		
	3Q19 \$'000	3Q18 \$'000	Change %	9M19 \$'000	9M18 \$'000	Change %
Business-to-Customer business	5,437	4,627	17.5	15,440	14,031	10.0
Business-to-Business business	28,329	26,749	5.9	76,153	79,225	(3.9)
Total revenue	33,766	31,376	7.6	91,593	93,256	(1.8)

Overall, the year-on-year ("YoY") decreases in total revenue in 9M19 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 first half of 2019 ("1H19") compared to the same period last year ("1H18"), influenced by the weak investors' sentiment in equity markets resulting from the high global uncertainties from the second half of 2018. However, the customers' investment subscription in UTs grew more than 30.0% quarter-on-quarter ("QoQ") in 3Q19 following the similar uptrend in the second quarter of 2019 ("2Q19"), and the customers' investment subscription in UTs was up 41.0% YoY in 3Q19 compared to 3Q18.

For B2C division, its revenue was up 17.5% YoY in 3Q19 and 10.0% YoY in 9M19. 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"), newly launched cash management solution ("Auto-Sweep Account") and higher interest income arising from increased clients' assets under administration ("AUA") in the period.

For B2B division, its gross revenue was down 3.9% YoY in 9M19 but up 5.9% YoY in 3Q19. The impact of the drop in customers' investment subscription in UTs in 1H19 on the gross revenue of B2B division is more significant than B2C division, as the weighing of front-end commission income in total revenue of B2B division is higher than B2C division. However, the financial institution clients' investment subscription in UTs grew significantly, especially in Hong Kong market, in 3Q19. In addition, the sales from newer products, including bonds, ETFs and insurance products, and financial technology ("Fintech") solutions sector continued growing in 9M19.

The Group's AUA was up 4.5% QoQ to reach a new record high of \$9.44 billion as at 30 September 2019, contributed by the Group's continuous efforts in improving the range and depth of investment products and services and strengthening the Fintech capabilities of its platforms in the various markets in recent years.

Commission and fee paid or payable to third party financial advisers

Commission and fee paid or payable to third party financial advisers decreased by 10.5% from \$48.46 million in 9M18 to \$43.35 million in 9M19, but increased by 6.3% from \$15.91 million in 3Q18 to \$16.92 million in 3Q19. This is substantially in line with the changes in front-end commission income from UT business in B2B division 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 \$16.85 million in 3Q19 was 9.0% higher than 3Q18 and the net revenue of \$48.24 million in 9M19 was 7.7% higher than 9M18, with the breakdown by business divisions as follows.

	Group			Group		
	3Q19 \$'000	3Q18 \$'000	Change %	9M19 \$'000	9M18 \$'000	Change %
Business-to-Customer business	5,437	4,627	17.5	15,440	14,031	10.0
Business-to-Business business	11,414	10,838	5.3	32,803	30,768	6.6
Total net revenue	16,851	15,465	9.0	48,243	44,799	7.7

The following table shows the breakdown of the Group's net revenue, by recurring and non-recurring basis. The Group's business model gives a stream of reliable recurring revenue which is based on AUA. In 3Q19, 79.6% of net revenue is derived from recurring net revenue and 20.4% is from non-recurring net revenue. In 9M19, 81.3% of net revenue is derived from recurring net revenue and 18.7% is from non-recurring net revenue.

	Group			Group		
	3Q19 \$'000	3Q18 \$'000	Change %	9M19 \$'000	9M18 \$'000	Change %
Recurring net revenue	13,417	12,669	5.9	39,223	36,377	7.8
Non-recurring net revenue	3,434	2,796	22.8	9,020	8,422	7.1
Total net revenue	16,851	15,465	9.0	48,243	44,799	7.7

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 3Q19 and 9M19 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 7.1% YoY to \$8.72 billion in 9M19.

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 increase in non-recurring net revenue in 9M19 was due mainly to an increase in financial institution clients' investment subscription in UTs in 3Q19 and the growth of the business in newer products (including bonds, ETFs and insurance products) and the Fintech sector in 9M19.

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

	Group			Group		
	3Q19 \$'000	3Q18 \$'000	Change %	9M19 \$'000	9M18 \$'000	Change %
Singapore	10,650	10,309	3.3	31,141	29,932	4.0
Hong Kong	4,555	3,610	26.2	12,173	10,657	14.2
Malaysia	1,503	1,397	7.6	4,538	3,619	25.4
	16,708	15,316	9.1	47,852	44,208	8.2
China	143	149	(4.0)	391	591	(33.8)
Total net revenue	16,851	15,465	9.0	48,243	44,799	7.7

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, including the newly launched cash management solution service through the FSM Auto-Sweep Account, led to the YoY growth in the net revenue in Singapore operation in 3Q19 and 9M19. The AUA of Singapore operation grew 9.4% YoY as at 30 September 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 3Q19 and 9M19. Following the sales growth of 63.7% QoQ in the UT business in 2Q19, the UT investments from customers continued growing 31.2% QoQ in 3Q19, despite the poor performance of Hong Kong's financial market

resulting from social unrest in the quarter. The net revenue in Hong Kong operation grew 26.2% YoY in 3Q19 and 14.2% YoY in 9M19. The AUA of Hong Kong operation grew 8.0% YoY as at 30 September 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 continued growing significantly in 3Q19. The Employees Provident Fund (EPF) in Malaysia launched its i-Invest online platform for investors to transact UTs online in 3Q19. iFAST Malaysia operation is one of two institutional UT agents appointed by the EPF to serve investors to trade UTs through their EPF accounts. Our FSMOne platform in Malaysia has seen a tremendous pick up in the sales of EPF approved UTs recently. In addition, the iFAST Fintech solutions division launched in 2018 has signed up a few projects with institution business partners as at 30 September 2019 and continued contributing positively to the net revenue in the period. The net revenue in Malaysia operation grew 7.6% YoY in 3Q19 and 25.4% YoY in 9M19. The AUA of Malaysia operation grew 26.2% YoY as at 30 September 2019.

In 3Q19, the China business has seen some inflows of investments from institutional clients in the quarter, subsequent to the significant underperformance of the Chinese financial market after the escalation of the US-China trade war in 2Q19. Although the net revenue in China operation dropped 4.0% YoY in 3Q19, its net revenue was up 113.4% QoQ in the quarter. The AUA of China operation was still down 2.7% YoY, but grew 16.1% QoQ as at 30 September 2019.

Following the incorporation of a Wholly Foreign Owned Enterprise Private Fund Management company (“iFAST PFM”) in the China (Shanghai) Pilot Free Trade Zone in 2Q19, iFAST PFM has submitted the Asset Management Association of China a formal registration for a Private Fund Management Licence in 3Q19. With the licence, iFAST PFM can offer private funds to qualified onshore individual and institutional investors in China.

Other income

Other income increased by \$0.10 million or 29.1% from \$0.34 million in 3Q18 to \$0.44 million in 3Q19 and \$0.62 million or 69.4% from \$0.90 million in 9M18 to \$1.52 million in 9M19, 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 \$1.71 million or 15.0% from \$11.35 million in 3Q18 to \$13.06 million in 3Q19 and \$5.20 million or 16.0% from \$32.44 million in 9M18 to \$37.64 million in 9M19. The increase was mainly due to the Group’s increased efforts in enhancing its platform capabilities including improving the range and depth 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 3Q19 and 9M19 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 structures.

Overall, the Group’s total operating expenses increased by \$1.61 million or 12.5% from \$12.86 million in 3Q18 to \$14.47 million in 3Q19 and \$5.07 million or 13.8% from \$36.76 million in 9M18 to \$41.83 million in 9M19. The following table shows the breakdown of the Group’s operating expenses by its existing markets and China market.

	Group			Group		
	3Q19	3Q18	Change	9M19	9M18	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Operating expenses (excluding China operation)	13,059	11,353	15.0	37,643	32,442	16.0
Operating expenses in China operation	1,414	1,511	(6.4)	4,185	4,315	(3.0)
Total operating expenses	14,473	12,864	12.5	41,828	36,757	13.8

Depreciation of plant and equipment increased by \$0.05 million or 12.3% from \$0.43 million in 3Q18 to \$0.48 million in 3Q19 and \$0.20 million or 16.4% from \$1.23 million in 9M18 to \$1.43 million in 9M19. Amortisation of intangible assets increased by \$0.35 million or 36.3% from \$0.95 million in 3Q18 to \$1.30 million in 3Q19 and \$0.90 million or 32.4% from \$2.79 million in 9M18 to \$3.69 million in 9M19. 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 as well as the Fintech Ecosystem of the Group.

Depreciation of right-of-use assets amounting to \$1.62 million and \$4.51 million was recognised in 3Q19 and 9M19 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 \$0.80 million or 11.6% from \$6.87 million in 3Q18 to \$7.67 million in 3Q19 and \$2.79 million or 14.4% from \$19.35 million in 9M18 to \$22.14 million in 9M19, 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 9M19.

Other operating expenses decreased by \$1.21 million or 26.1% from \$4.62 million in 3Q18 to \$3.41 million in 3Q19 and \$3.33 million or 24.9% from \$13.39 million in 9M18 to \$10.06 million in 9M19, 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 25.6% from \$0.25 million in 3Q18 to \$0.32 million in 3Q19 and \$0.17 million or 23.0% from \$0.73 million in 9M18 to \$0.90 million in 9M19. These were due mainly to higher interest income from clients trade settlement bank accounts resulting from increased clients trade volume over 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 and lower interest income from cash and cash equivalents due to the lower prevailing market interest rate during the period.

Finance cost comprised interest expense of \$0.09 million on bank loans and interest expense of \$0.20 million on lease liabilities in 3Q19 and interest expense of \$0.42 million on bank loans and interest expense of \$0.58 million on lease liabilities in 9M19. 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 1H19, 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 3Q19 compared to \$0.23 million in 3Q18, and net finance cost of \$0.11 million was incurred in 9M19, while net finance income of \$0.71 million was in 9M18.

Share of results of associates, net of tax

The Group's share of loss after tax of associates increased from \$0.11 million in 9M18 to \$0.16 million in 9M19, due mainly to the higher operating losses incurred by an associate, namely Providend Holding Pte Ltd ("Providend") in 1H19, following the set-up of a new joint venture entity between Providend and NTUC Enterprise Co-operative Ltd in late 2018.

However, the Group's share of profit after tax of associates amounting to \$0.09 million was recorded in 3Q19 while the share of loss after tax of associates amounting to \$0.02 million was in 3Q18. This was due mainly to some positive development achieved in the group of Providend in 3Q19.

There was no significant YoY change in the results of the other associate, namely iFAST India Holdings Pte Ltd, in 3Q19 and 9M19. 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 27.91 billion (equivalent to \$547 million) as at 30 September 2019, growing at a 5-year compound annual growth rate ("CAGR") of approximately 33.6%. The Group's effective shareholding in iFAST India has been increased from 24.7% as at 30 June 2019 to 33.3% as at 30 September 2019, following some additional investments in India business in 3Q19.

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.

	3Q19	Group	Change	9M19	Group	Change
	\$'000	3Q18	%	\$'000	9M18	%
		\$'000			\$'000	
Singapore	2,521	3,457	(27.1)	7,532	9,668	(22.1)
Hong Kong	1,301	834	56.0	2,818	2,647	6.5
Malaysia	300	221	35.7	1,228	984	24.8
Other ⁽¹⁾	87	(20)	NM	(160)	(110)	45.5
Profit before tax (excluding China operation)	4,209	4,492	(6.3)	11,418	13,189	(13.4)
Tax expense	(524)	(615)	(14.8)	(1,323)	(1,421)	(6.9)
Net profit after tax (excluding China operation)	3,685	3,877	(5.0)	10,095	11,768	(14.2)
China operation ⁽²⁾	(1,225)	(1,275)	(3.9)	(3,581)	(3,478)	3.0
Net profit after tax (including China operation)	2,460	2,602	(5.5)	6,514	8,290	(21.4)

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 \$0.28 million or 6.3% from \$4.49 million in 3Q18 to \$4.21 million in 3Q19 and \$1.77 million or 13.4% from \$13.19 million in 9M18 to \$11.42 million in 9M19. The lower profitability of the Group, especially Singapore operation, 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 9M19 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 decreased 14.8% YoY in 3Q19 and 6.9% YoY in 9M19, 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 due to the renewed intensification of US-China trade tensions, the China business underperformed in 9M19. However, there has been some improvement in the China business and the loss from China operation decreased by 3.9% in 3Q19.

Following the incorporation of a Wholly Foreign Owned Enterprise Private Fund Management company ("iFAST PFM") in the China (Shanghai) Pilot Free Trade Zone in 2Q19, iFAST PFM has submitted the Asset Management Association of China a formal registration for a Private Fund Management Licence in 3Q19. With the licence, iFAST PFM can offer private funds to qualified onshore individual and institutional investors in China.

Including China operation and tax expense, the Group's net profit after tax decreased by \$0.14 million or 5.5% from \$2.60 million in 3Q18 to \$2.46 million in 3Q19 and \$1.78 million or 21.4% from \$8.29 million in 9M18 to \$6.51 million in 9M19.

Statement of Financial Position

The shareholders' equity of the Group increased to \$88.74 million as at 30 September 2019 from \$85.56 million as at 31 December 2018. This was due mainly to contribution of net profit generated in 9M19 and an increase in fair value of financial assets at FVOCI in the period, partially offset by payments of dividends in 9M19.

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 \$41.37 million as at 30 September 2019 from \$48.06 million as at 31 December 2018. This was due mainly to payments of additional investments in an associate, additions of plant and equipment and intangible assets and dividends in 9M19, partially offset by net cash generated from operating activities in the period.

Current assets decreased to \$106.29 million as at 30 September 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, partially offset by increases in investments in financial assets and receivables from uncompleted contracts on securities dealing at end of the period.

Non-current assets increased to \$51.91 million as at 30 September 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 9M19, additional investment in an associate in 9M19 and the recognition of right-of-use assets in the period following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 5.

Total liabilities decreased to \$69.84 million as at 30 September 2019 from \$72.63 million as at 31 December 2018. This was due mainly to repayment of some bank loans in 9M19, partially offset by increases in 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.

Consolidated Statement of Cash Flows

Net cash from operating activities increased from \$3.60 million in 3Q18 to \$7.73 million in 3Q19 and from \$14.01 million in 9M18 to \$16.81 million in 9M19. These were due mainly to 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, partially offset by lower operating profit generated in 9M19.

Net cash used in investing activities increased from \$1.96 million in 3Q18 to \$5.84 million in 3Q19 and from \$13.47 million in 9M18 to \$17.92 million in 9M19, due mainly to the larger amount of additional investment in financial assets in the period of 2019 compared to the same period of last year and additional investments in an associate in 3Q19 and 9M19.

Net cash used in financing activities was \$3.52 million in 3Q19 and \$37.71 million in 9M19, while net cash from financing activities was \$8.08 million in 3Q18 and \$3.65 million in 9M18, due mainly to repayment of some bank loans in 1H19 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 9M2019, the Group's AUA grew 17.3% year-to-date, to a record high of \$9.44 billion as at 30 September 2019.

Record AUAs have been achieved in Singapore, Hong Kong and Malaysia, as our businesses have benefited from our continuous efforts in improving the range and depths of our products and services.

The Group's net revenue has also continued to grow, hitting a new record high of \$16.85 million in 3Q19. While net revenue has been growing healthily, there was a YoY decline in the Group's net profit that narrowed to 5.5% in 3Q2019. This resulted from the fact that in the last few years, we have been stepping up investments into our platform capabilities, particularly in our IT capabilities.

In the last three years, the Group's AUA has increased 57.3% from \$6.00 billion as at 30 September 2016 to \$9.44 billion as at 30 September 2019. The Group's net revenue has also grown by 57.8% from \$10.68 million in 3Q2016 to \$16.85 million in 3Q2019. The Group's net profit has however not been very strong in the last few years, resulting from the fact that we have prioritised our efforts in ensuring that our platform capabilities will be more comprehensive.

While we expect to continue to improve on upgrading our platform capabilities further, including laying the initial foundations to be a digital/virtual bank, we expect that over the next 12 months, the pace at which the Group's operating expenses will be increasing will moderate. This is because a large part of the key infrastructure that is required for an integrated wealth management platform is already in place.

Based on current estimates, we are estimating the Group's operating expenses will increase by approximately 5% to 9% YoY and amount to approximately \$59.9 million to \$62.1 million in 2020. The estimated percentage increase will be significantly lower than the double digit percentage YoY increases in operating expenses that we have been seeing in the last few years. This, however, does not take into account the planned application for the digital banking licence in Singapore, which may affect expenses starting the second half of 2020 if the application is successful.

Overall, the Group believes that growth opportunities in Asia's wealth management industry remains very substantial, and we are well-positioned to benefit from these opportunities in the

medium to long term. Continuing growth in our AUA and net revenue, combined with a moderation in the pace of increase in operating expenses, will allow us to better see the benefits of our scalable business model.

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 November 2019.

(d) Books closure date

The Register of Members and Share Transfer Books of the Company will be closed on 12 November 2019 for the purpose of determining members' entitlements to the third interim dividend. Accordingly, registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 pm on 11 November 2019 will be registered to determine members' entitlement to the third interim dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 11 November 2019 will be entitled to the third 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 September 2019.

	Allocation of IPO proceeds	Amount reallocated on 26 October 2018	IPO proceeds utilised as at 30 September 2019	Balance of IPO proceeds
Use of net proceeds	\$' million	\$' million	\$' million	\$' million
Mergers and acquisitions strategy	27.2	19.2	13.7	5.5
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	16.0	-
Working capital purposes	5.8	5.8	5.8 ⁽²⁾	-
Net Proceeds	48.0 ¹⁾	48.0	42.5	5.5

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 \$5.5 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 third quarter and nine months ended 30 September 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Leung Fung Yat, David
Chief Financial Officer
31 October 2019