

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 2018
Financial Statements Announcement**

Third Quarter 2018 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 2018

| | 3Q18 | Group | Change | 9M18 | Group | Change |
|--|---------------|---------------|-------------|---------------|---------------|-------------|
| | \$'000 | 3Q17 | | % | \$'000 | |
| | Restated | | | Restated | | |
| Revenue | 31,376 | 26,234 | 19.6 | 93,256 | 72,989 | 27.8 |
| Commission and fee paid or payable to third party financial advisers | (15,911) | (13,214) | 20.4 | (48,457) | (36,848) | 31.5 |
| | 15,465 | 13,020 | 18.8 | 44,799 | 36,141 | 24.0 |
| Other income | 340 | 340 | - | 899 | 889 | 1.1 |
| Depreciation of plant and equipment | (430) | (372) | 15.6 | (1,228) | (996) | 23.3 |
| Amortisation of intangible assets | (951) | (758) | 25.5 | (2,785) | (1,975) | 41.0 |
| Staff costs | (6,868) | (5,444) | 26.2 | (19,350) | (15,059) | 28.5 |
| Other operating expenses | (4,615) | (4,484) | 2.9 | (13,394) | (12,301) | 8.9 |
| Results from operating activities | 2,941 | 2,302 | 27.8 | 8,941 | 6,699 | 33.5 |
| Finance income | 254 | 181 | 40.3 | 729 | 541 | 34.8 |
| Finance costs | (21) | (1) | 2,000.0 | (22) | (2) | 1,000.0 |
| Net finance income | 233 | 180 | 29.4 | 707 | 539 | 31.2 |
| Share of results of associates, net of tax | (19) | (63) | (69.8) | (109) | (307) | (64.5) |
| Profit before tax | 3,155 | 2,419 | 30.4 | 9,539 | 6,931 | 37.6 |
| Tax expense | (615) | (460) | 33.7 | (1,421) | (1,180) | 20.4 |
| Profit for the period | 2,540 | 1,959 | 29.7 | 8,118 | 5,751 | 41.2 |
| Profit attributable to: | | | | | | |
| Owners of the Company | 2,602 | 2,009 | 29.5 | 8,290 | 5,903 | 40.4 |
| Non-controlling interests | (62) | (50) | 24.0 | (172) | (152) | 13.2 |
| Profit for the period | 2,540 | 1,959 | 29.7 | 8,118 | 5,751 | 41.2 |

NM denotes not meaningful.

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

Consolidated statement of comprehensive income for the third quarter and nine months ended 30 September 2018

| | 3Q18 | Group | Change | 9M18 | Group | Change |
|--|---------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| | \$'000 | 3Q17 | | \$'000 | 9M17 | |
| | Restated | | | Restated | | |
| Profit for the period | 2,540 | 1,959 | 29.7 | 8,118 | 5,751 | 41.2 |
| 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 | 12 | 56 | (78.6) | (28) | (29) | (3.4) |
| Net change in fair value of financial assets at FVOCI reclassified to profit or loss | (19) | - | NM | (17) | 9 | NM |
| Foreign currency translation differences for foreign operations | (101) | (150) | (32.7) | 312 | (839) | NM |
| Share of other comprehensive income of associates | (6) | (2) | 200.0 | (21) | 1 | NM |
| | <u>(114)</u> | <u>(96)</u> | <u>18.8</u> | <u>246</u> | <u>(858)</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 | (15) | 192 | NM | (788) | 768 | NM |
| | <u>(15)</u> | <u>192</u> | <u>NM</u> | <u>(788)</u> | <u>768</u> | <u>NM</u> |
| Other comprehensive income for the period, net of tax | <u>(129)</u> | <u>96</u> | <u>NM</u> | <u>(542)</u> | <u>(90)</u> | <u>502.2</u> |
| Total comprehensive income for the period | <u>2,411</u> | <u>2,055</u> | <u>17.3</u> | <u>7,576</u> | <u>5,661</u> | <u>33.8</u> |
| Attributable to: | | | | | | |
| Owners of the Company | 2,476 | 2,105 | 17.6 | 7,749 | 5,817 | 33.2 |
| Non-controlling interests | (65) | (50) | 30.0 | (173) | (156) | 10.9 |
| Total comprehensive income for the period | <u>2,411</u> | <u>2,055</u> | <u>17.3</u> | <u>7,576</u> | <u>5,661</u> | <u>33.8</u> |

NM denotes not meaningful.

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

| | Group | | | Group | | |
|---|----------|--------|---------|----------|--------|---------|
| | 3Q18 | 3Q17 | Change | 9M18 | 9M17 | Change |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| | Restated | | | Restated | | |
| <u>Profit for the period is arrived at after charging / (crediting) the following:</u> | | | | | | |
| Other income | | | | | | |
| - Investment income | (328) | (324) | 1.2 | (743) | (711) | 4.5 |
| - Government grant | (2) | (2) | - | (122) | (116) | 5.2 |
| - Gain on derecognition of an associate | - | - | NM | - | (19) | (100.0) |
| - Miscellaneous income | (10) | (14) | (28.6) | (34) | (43) | (20.9) |
| | (340) | (340) | - | (899) | (889) | 1.1 |
| Interest income | | | | | | |
| - from cash and cash equivalents | (236) | (128) | 84.4 | (629) | (315) | 99.7 |
| - from investment in financial assets | (17) | (52) | (67.3) | (96) | (225) | (57.3) |
| - from receivables | (1) | (1) | - | (4) | (1) | 300.0 |
| | (254) | (181) | 40.3 | (729) | (541) | 34.8 |
| Operating lease expense | 1,661 | 1,658 | 0.2 | 4,914 | 4,701 | 4.5 |
| Unrealised exchange (gain) / loss, net | (74) | 126 | NM | (51) | 254 | NM |
| Equity-settled share-based payment transactions, included in staff costs | 613 | 436 | 40.6 | 1,747 | 1,163 | 50.2 |
| Equity-settled share-based payment transactions, included in commission and fee paid or payable to third party financial advisers | - | 83 | (100.0) | 166 | 249 | (33.3) |
| (Gain) / Loss on redemption of investment in financial assets at FVOCI, included in investment income | (19) | - | NM | (17) | 9 | NM |
| Dividend income on investment in financial assets at FVOCI, included in investment income | (182) | (177) | 2.8 | (543) | (518) | 4.8 |
| Net gain on investment in held-for-trading financial assets, included in investment income | (118) | (138) | (14.5) | (156) | (175) | (10.9) |
| Interest expense on short-term loan | 21 | - | NM | 21 | - | NM |

NM denotes not meaningful.

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

| | Group | | Company | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | As at 30-Sep-18 \$'000 | As at 31-Dec-17 \$'000 | As at 30-Sep-18 \$'000 | As at 31-Dec-17 \$'000 |
| Assets | | | | |
| Plant and equipment | 3,384 | 2,308 | 106 | 66 |
| Intangible assets and goodwill | 15,064 | 13,622 | 12,036 | 10,720 |
| Subsidiaries | - | - | 50,290 | 50,090 |
| Associates | 2,322 | 1,616 | 2,854 | 2,017 |
| Other investments | 5,062 | 3,849 | 972 | 783 |
| Deferred tax assets | 849 | 542 | - | - |
| Prepayments and others | 239 | 346 | 11 | 11 |
| Total non-current assets | 26,920 | 22,283 | 66,269 | 63,687 |
| Current tax receivable | - | 34 | - | - |
| Other investments | 20,186 | 22,413 | 20,186 | 22,413 |
| Uncompleted contracts - buyers | 11,700 | 9,056 | - | - |
| Trade and other receivables | 30,409 | 28,135 | 25,860 | 7,773 |
| Prepayments | 1,327 | 1,315 | 56 | 26 |
| Money market funds | 1,595 | 2,619 | - | - |
| Cash at bank and in hand | 36,263 | 30,879 | 2,476 | 8,452 |
| Total current assets | 101,480 | 94,451 | 48,578 | 38,664 |
| Held under trust | | | | |
| Client bank accounts | 360,156 | 275,461 | - | - |
| Client ledger balances | (360,156) | (275,461) | - | - |
| | - | - | - | - |
| Total assets | 128,400 | 116,734 | 114,847 | 102,351 |
| Equity | | | | |
| Share capital | 65,842 | 65,545 | 65,842 | 65,545 |
| Reserves | 18,650 | 15,691 | 20,467 | 21,555 |
| Equity attributable to owners of the Company | 84,492 | 81,236 | 86,309 | 87,100 |
| Non-controlling interests | (156) | 17 | - | - |
| Total equity | 84,336 | 81,253 | 86,309 | 87,100 |
| Liabilities | | | | |
| Deferred tax liabilities | 1,412 | 1,195 | 1,169 | 930 |
| Finance lease liabilities | 9 | 13 | - | - |
| Total non-current liabilities | 1,421 | 1,208 | 1,169 | 930 |
| Uncompleted contracts - sellers | 11,673 | 8,936 | - | - |
| Trade and other payables | 19,533 | 24,253 | 17,395 | 14,321 |
| Short-term loan | 9,974 | - | 9,974 | - |
| Finance lease liabilities | 5 | 5 | - | - |
| Current tax payables | 1,458 | 1,079 | - | - |
| Total current liabilities | 42,643 | 34,273 | 27,369 | 14,321 |
| Total liabilities | 44,064 | 35,481 | 28,538 | 15,251 |
| Total equity and liabilities | 128,400 | 116,734 | 114,847 | 102,351 |

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-18 \$'000 | | As at 31-Dec-17 \$'000 | |
| | Secured | Unsecured | Secured | Unsecured |
| Finance lease liabilities | 5 | - | 5 | - |
| Short-term loan | - | 9,974 | - | - |
| | <u>5</u> | <u>9,974</u> | <u>5</u> | <u>-</u> |

Amount repayable after one year

| | Group | | | |
|---------------------------|------------------------------|-----------|------------------------------|-----------|
| | As at 30-Sep-18 \$'000 | | As at 31-Dec-17 \$'000 | |
| | Secured | Unsecured | Secured | Unsecured |
| Finance lease liabilities | <u>9</u> | <u>-</u> | <u>13</u> | <u>-</u> |

The finance lease liabilities as at 30 September 2018 are secured by the leased assets.

The unsecured short-term loan is a revolving bank loan that bears interest at rates ranging from 1.60% to 3.20% (31/12/2017: Nil) per annum in the period and is repayable within the next 12 months from the reporting date. This short-term loan taken up in the third quarter of 2018 is for the financing of the initial capital for the virtual banking business that the Group is pursuing in Hong Kong.

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 | |
|--|--------------------|----------------|-----------------|----------------|
| | 3Q18 \$'000 | 3Q17 \$'000 | 9M18 \$'000 | 9M17 \$'000 |
| | Restated | | Restated | |
| Cash flows from operating activities | | | | |
| Profit for the period | 2,540 | 1,959 | 8,118 | 5,751 |
| Adjustments for: | | | | |
| Depreciation of plant and equipment | 430 | 372 | 1,228 | 996 |
| Amortisation of intangible assets | 951 | 758 | 2,785 | 1,975 |
| Equity-settled share-based payment transactions | 613 | 519 | 1,913 | 1,412 |
| Dividend income on investment in available-for-sale financial assets | (182) | (177) | (543) | (518) |
| (Gain) / Loss on redemption of investment in available-for-sale financial assets | (19) | - | (17) | 9 |
| Net gain on investment in held-for-trading financial assets | (118) | (138) | (156) | (175) |
| Share of results of associates, net of tax | 19 | 63 | 109 | 307 |
| Dividend income on investment in associates | (9) | (9) | (27) | (27) |
| Unrealised exchange (gain) / loss, net | (74) | 126 | (51) | 254 |
| Plant and equipment written off | - | - | 20 | 19 |
| Intangible asset written off | - | 2 | - | 2 |
| Gain on derecognition of an associate | - | - | - | (19) |
| Net finance income | (233) | (180) | (707) | (539) |
| Tax expense | 615 | 460 | 1,421 | 1,180 |
| | <u>4,533</u> | <u>3,755</u> | <u>14,093</u> | <u>10,627</u> |
| Change in uncompleted contracts and trade and other receivables | 9,568 | (1,400) | (4,278) | (10,008) |
| Change in uncompleted contracts and trade and other payables | (10,201) | 917 | 4,573 | 7,429 |
| Cash generated from operations | 3,900 | 3,272 | 14,388 | 8,048 |
| Tax paid | (553) | (252) | (1,086) | (464) |
| Interest received | 253 | 160 | 713 | 510 |
| Interest paid | (⁽¹⁾) | (1) | (1) | (2) |
| Net cash from operating activities | 3,600 | 3,179 | 14,014 | 8,092 |
| Cash flows from investing activities | | | | |
| Purchase of plant and equipment | (562) | (143) | (2,287) | (1,222) |
| Purchase of intangible assets | (1,303) | (1,096) | (5,143) | (2,864) |
| Additional investment in associates | - | - | (836) | (160) |
| Dividend from associates | 18 | 18 | 36 | 35 |
| Purchase of investment in financial assets | (16,980) | (17,624) | (56,848) | (47,634) |
| Proceeds from redemption of investment in financial assets | 16,862 | 17,449 | 51,599 | 53,471 |
| Dividends received from investment in financial assets at FVOCI | 2 | 17 | 7 | 30 |
| Acquisition of subsidiary, net of cash acquired | - | - | - | (702) |
| Net cash (used in) / from investing activities | (1,963) | (1,379) | (13,472) | 954 |
| Cash flows from financing activities | | | | |
| Proceeds from exercise of share options | 194 | 359 | 297 | 1,052 |
| Purchase of treasury shares | - | - | (150) | (548) |
| Proceeds from shares issued to non-controlling interests of subsidiary | - | - | - | 78 |
| Drawdown of bank short-term loan | 9,890 | - | 9,890 | - |
| Repayment of finance lease liabilities | (2) | (1) | (4) | (3) |
| Dividends paid to owners of the Company | (1,998) | (1,795) | (6,387) | (5,554) |
| Net cash from / (used in) financing activities | 8,084 | (1,437) | 3,646 | (4,975) |
| Net increase in cash and cash equivalents | 9,721 | 363 | 4,188 | 4,071 |
| Cash and cash equivalents at beginning of the period | 28,246 | 25,720 | 33,498 | 22,464 |
| Effect of exchange rate fluctuations on cash held | (109) | (188) | 172 | (640) |
| Cash and cash equivalents at end of the period | 37,858 | 25,895 | 37,858 | 25,895 |

(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 2018, as previously stated | 65,545 | (278) | (1,478) | 1,790 | 2,845 | (2,010) | (2,539) | 17,361 | 81,236 | 17 | |
| 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 |

FVOCI denotes fair value through other comprehensive income.

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 | | | | | | | | | Non-controlling interests | Total equity |
| | Share capital | Fair value reserve | Foreign currency translation reserve | Share option reserve | Performance share reserve | Equity reserve | Reserve for own shares | Accumulated profits | Total | | |
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | |
| At 1 January 2017, as previously stated | 64,147 | 12 | (535) | 1,496 | 2,250 | (2,010) | (2,531) | 15,617 | 78,446 | 150 | 78,596 |
| Effect of adoption of SFRS(I) 9 | - | (391) | - | - | - | - | - | 391 | - | - | - |
| As 1 January 2017, as restated | 64,147 | (379) | (535) | 1,496 | 2,250 | (2,010) | (2,531) | 16,008 | 78,446 | 150 | 78,596 |
| Total comprehensive income for the period | | | | | | | | | | | |
| Profit / (Loss) for the period | - | - | - | - | - | - | - | 5,903 | 5,903 | (152) | 5,751 |
| Other comprehensive income | | | | | | | | | | | |
| Net change in fair value of financial assets at FVOCI | - | 739 | - | - | - | - | - | - | 739 | - | 739 |
| Net change in fair value of financial assets at FVOCI reclassified to profit or loss | - | 9 | - | - | - | - | - | - | 9 | - | 9 |
| Net change in fair value of financial assets at FVOCI transferred between reserves | - | (614) | - | - | - | - | - | 614 | - | - | - |
| Foreign currency translation differences for foreign operations | - | - | (835) | - | - | - | - | - | (835) | (4) | (839) |
| Share of other comprehensive income of associates | - | 1 | (1) | - | - | - | - | - | 1 | - | 1 |
| Total other comprehensive income | - | 135 | (835) | - | - | - | - | 614 | (86) | (4) | (90) |
| Total comprehensive income for the period | - | 135 | (835) | - | - | - | - | 6,517 | 5,817 | (156) | 5,661 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | | | |
| Share options exercised | 1,052 | - | - | - | - | - | - | - | 1,052 | - | 1,052 |
| Purchase of treasury shares | - | - | - | - | - | - | (548) | - | (548) | - | (548) |
| Treasury shares re-issued | - | - | - | - | (785) | - | 540 | 245 | - | - | - |
| One-tier tax-exempt 2016 final dividend paid of 0.75 cents per share | - | - | - | - | - | - | - | (1,970) | (1,970) | - | (1,970) |
| One-tier tax-exempt interim dividend paid of 0.68 cents per share | - | - | - | - | - | - | - | (1,789) | (1,789) | - | (1,789) |
| One-tier tax-exempt interim dividend paid of 0.68 cents per share | - | - | - | - | - | - | - | (1,795) | (1,795) | - | (1,795) |
| Equity-settled share-based payment transactions | - | - | - | 220 | 943 | - | - | - | 1,163 | - | 1,163 |
| Total contributions by and distribution to owners | 1,052 | - | - | 220 | 158 | - | (8) | (5,309) | (3,887) | - | (3,887) |
| Changes in ownership interests in subsidiaries | | | | | | | | | | | |
| Issue of shares to non-controlling interests of subsidiary | - | - | - | - | - | - | - | - | - | 78 | 78 |
| Total changes in ownership interests in subsidiaries | - | - | - | - | - | - | - | - | - | 78 | 78 |
| Total transactions with owners | 1,052 | - | - | 220 | 158 | - | (8) | (5,309) | (3,887) | 78 | (3,809) |
| At 30 September 2017 | 65,199 | (244) | (1,370) | 1,716 | 2,408 | (2,010) | (2,539) | 17,216 | 80,376 | 72 | 80,448 |

FVOCI denotes fair value through other comprehensive income.

⁽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(l) 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 |

FVOCI denotes fair value through other comprehensive income.

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 \$'000 |
| | Share capital | Fair value reserve | Share option reserve | Performance share reserve | Reserve for own shares | Accumulated profits | |
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | |
| At 1 January 2017, as previously stated | 64,147 | 12 | 1,496 | 2,250 | (2,531) | 14,814 | 80,188 |
| Effect of adoption of SFRS(I) 9 | | (391) | | | | 391 | - |
| At 1 January 2017, as restated | 64,147 | (379) | 1,496 | 2,250 | (2,531) | 15,205 | 80,188 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | 12,090 | 12,090 |
| Other comprehensive income | | | | | | | |
| Net change in fair value of financial assets at FVOCI | - | 692 | - | - | - | - | 692 |
| Net change in fair value of financial assets at FVOCI reclassified to profit or loss | - | 9 | - | - | - | - | 9 |
| Net change in fair value of financial assets at FVOCI transferred between reserves | - | (588) | - | - | - | 588 | - |
| Total other comprehensive income | - | 113 | - | - | - | 588 | 701 |
| Total comprehensive income for the period | - | 113 | - | - | - | 12,678 | 12,791 |
| Transactions with owners, recorded directly in equity | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Share options exercised | 1,052 | - | - | - | - | - | 1,052 |
| Purchase of treasury shares | - | - | - | - | (548) | - | (548) |
| Treasury shares re-issued | - | - | - | (785) | 540 | 245 | - |
| One-tier tax-exempt 2016 final dividend paid of 0.75 cents per share | - | - | - | - | - | (1,970) | (1,970) |
| One-tier tax-exempt interim dividend paid of 0.68 cents per share | - | - | - | - | - | (1,789) | (1,789) |
| One-tier tax-exempt interim dividend paid of 0.68 cents per share | - | - | - | - | - | (1,795) | (1,795) |
| Equity-settled share-based payment transactions | - | - | 69 | 943 | - | - | 1,012 |
| Total contributions by and distribution to owners | 1,052 | - | 69 | 158 | (8) | (5,309) | (4,038) |
| Total transactions with owners | 1,052 | - | 69 | 158 | (8) | (5,309) | (4,038) |
| At 30 September 2017 | 65,199 | (266) | 1,565 | 2,408 | (2,539) | 22,574 | 88,941 |

FVOCI denotes fair value through other comprehensive income.

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 2018 excluding treasury shares and subsidiary holdings was 266,512,579 ordinary shares (30 June 2018: 266,169,968 ordinary shares). The movements in the Company's share capital during the third quarter ended 30 September 2018 were as follows:

| | Number of ordinary shares |
|-------------------------------|--------------------------------------|
| As at 30 June 2018 | 266,169,968 |
| Exercise of share options | 342,611 |
| Vesting of performance shares | - |
| Purchase of treasury shares | - |
| As at 30 September 2018 | <u>266,512,579</u> |

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

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

| | Number of share options |
|-------------------------|------------------------------------|
| As at 30 June 2018 | 4,459,651 |
| Share options granted | - |
| Exercised | (342,611) |
| Forfeited | - |
| As at 30 September 2018 | <u>4,117,040</u> |

As at 30 September 2018, the number of outstanding share options under the iFAST SOS was 4,117,040 (30 September 2017: 5,308,901).

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 2018 | 6,519,500 |
| Performance shares granted but not vested | - |
| Vested | - |
| Forfeited | (74,300) |
| As at 30 September 2018 | <u>6,445,200</u> |

As at 30 September 2018, the number of outstanding performance shares granted but not vested under the iFAST PSP was 6,445,200 (30 September 2017: 4,218,500).

Treasury shares and subsidiary holdings

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

| | Number of treasury shares |
|--|------------------------------|
| As at 30 June 2018 | 1,580,800 |
| Purchased by way of on-market acquisition | - |
| Purchased by way of off-market acquisition | - |
| Re-issued | - |
| As at 30 September 2018 | <u>1,580,800</u> |

As at 30 September 2018, 1,580,800 (30 September 2017: 2,869,200) treasury shares were held by the Company that may be re-issued upon the exercise of share options under the iFAST SOS and upon the vesting of performance shares under the iFAST PSP.

As at 30 September 2018, the treasury shares held represented 0.6% (30 September 2017: 1.1%) of the total number of issued shares excluding treasury shares.

The Company has no subsidiary holdings as at 30 September 2018 and 30 September 2017.

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-18 | As at 31-Dec-17 |
|---|--------------------|--------------------|
| Total number of issued shares excluding treasury shares | <u>266,512,579</u> | <u>264,672,618</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 2018.

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 2018.

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

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

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

Not applicable.

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

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

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

The Group and the Company have adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)s") on 1 January 2018 and have prepared the set of financial information under SFRS(I)s for the third quarter and nine months ended 30 September 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's opening statement of financial position under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

Except for SFRS(I) 9 Financial Instruments, the adoption of the SFRS(I)s, amendments and interpretations of SFRS(I)s is assessed to have no material impact to the results and financial position of the Group and of the Company for the year ending 31 December 2018.

Besides the statements of changes in equity for the Group and for the Company from page 8 to page 11 showing details on the quantum of the adjustments made in relation to SFRS(I) 9, the following comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) 9 are summarised below:

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

Global markets continued to be turbulent in the third quarter ended 30 September 2018 ("3Q18"), given escalating tensions over trade wars between the US and China. Despite the volatile global market conditions in 3Q18, the Group achieved revenue of \$31.38 million in 3Q18, which was 19.6% higher than the third quarter last year ("3Q17"). Revenue of \$93.26 million for the financial period ended 30 September 2018 ("9M18") was 27.8% higher than the same period last year ("9M17").

The year-on-year ("YoY") increases in 3Q18 and 9M18 were bolstered by the growth in the Group's business and Asset Under Administration ("AUA") for both Business-to-Customer ("B2C") and Business-to-Business ("B2B") business divisions in the period. The Group's AUA grew 18.7% YoY to reach a new record of \$8.50 billion as at 30 September 2018, benefiting from the Group's continuing efforts in widening the range of investment products and services and strengthening the financial technology ("Fintech") capabilities of its platforms in the various markets in recent years.

Breaking down by geographical segment, Singapore operation is still the major contributor of the Group's revenue. The revenue in Singapore operation grew 11.9% YoY in 3Q18 and 19.6% YoY in 9M18, which was mainly contributed by increases in investment trading volumes in exchange-traded funds ("ETFs") and stocks and subscription of investment in unit trusts ("UTs") from clients during the period. Following the improvements and progress made in beefing up its overall capabilities as a Wealth Management Fintech Platform with introducing more competitive pricing, the platform has been raising more awareness among investors in the market in recent quarters. The investment trading volume in ETFs increased 82.3% quarter-on-quarter ("QoQ") in 3Q18. The AUA of Singapore operation grew 14.2% YoY as at 30 September 2018.

In Hong Kong, following the launch of multi-products FSMOne.com platform in late 2017, we have launched the US stock trading capabilities on both the FSMOne.com and B2B platforms in 3Q18. There has been an increase in stock/ETF transactions in recent quarters and the investment trading volume in ETFs increased 110.9% QoQ in 3Q18. In addition, the rise in yields in the market in recent quarters led to an increase in clients' investment subscription in bonds of 53.3% YoY in 9M18. The revenue in Hong Kong operation grew 41.4% YoY in 3Q18 and 50.7% YoY in 9M18. The AUA of Hong Kong operation grew 27.5% YoY as at 30 September 2018.

In Malaysia, although the unit trust business slowed down its growth slightly due to volatile market conditions and poor investors' sentiment in recent quarters, the business in bonds and discretionary portfolio management service, which launched in early 2017, grew significantly in 9M18. Besides, the new iFAST Fintech solutions division launched in 1Q18 has been actively working with some business partners and institutional clients on a few projects. The revenue in Malaysia operation grew 38.1% YoY in 3Q18 and 44.1% YoY in 9M18. The AUA of Malaysia operation grew 26.1% YoY as at 30 September 2018.

In China, the combined effects of weak performance in the China equity market due to escalating tensions over trade wars between the US and China and some failures in peer-to-peer lending platforms in China market resulted in poor market sentiment in recent quarters. The revenue in China operation grew slightly 6.4% YoY in 3Q18 and 56.3% YoY in 9M18. The AUA of China operation grew 123.9% YoY as at 30 September 2018.

| | Group | | | Group | | |
|---------------|----------------|----------------|-------------|----------------|----------------|-------------|
| | 3Q18 \$'000 | 3Q17 \$'000 | Change % | 9M18 \$'000 | 9M17 \$'000 | Change % |
| Singapore | 21,230 | 18,979 | 11.9 | 63,215 | 52,839 | 19.6 |
| Hong Kong | 7,367 | 5,211 | 41.4 | 21,907 | 14,538 | 50.7 |
| Malaysia | 2,630 | 1,904 | 38.1 | 7,543 | 5,234 | 44.1 |
| | 31,227 | 26,094 | 19.7 | 92,665 | 72,611 | 27.6 |
| China | 149 | 140 | 6.4 | 591 | 378 | 56.3 |
| Total revenue | 31,376 | 26,234 | 19.6 | 93,256 | 72,989 | 27.8 |

Commission and fee paid or payable to third party financial advisers

Commission and fee paid or payable to third party financial advisers increased by 20.4% from \$13.21 million in 3Q17 to \$15.91 million in 3Q18 and 31.5% from \$36.85 million in 9M17 to \$48.46 million in 9M18. The increase was due mainly to the increase in revenue from Business-to-Business ("B2B") business in the period.

Net revenue

Net revenue represents revenue earned by the Group after commission and fee paid or payable to third party financial advisers. The net revenue of \$15.47 million for 3Q18 was 18.8% higher than 3Q17, and the net revenue of \$44.80 million for 9M18 was 24.0% higher than 9M17.

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. For 3Q18, 81.9% of net revenue is derived from recurring net revenue and 18.1% is from non-recurring net revenue. For 9M18, 81.2% of net revenue is derived from recurring net revenue and 18.8% is from non-recurring net revenue.

| | Group | | | Group | | |
|---------------------------|----------------|----------------|-------------|----------------|----------------|-------------|
| | 3Q18 \$'000 | 3Q17 \$'000 | Change % | 9M18 \$'000 | 9M17 \$'000 | Change % |
| Recurring net revenue | 12,669 | 10,625 | 19.2 | 36,377 | 29,970 | 21.4 |
| Non-recurring net revenue | 2,796 | 2,395 | 16.7 | 8,422 | 6,171 | 36.5 |
| Total net revenue | 15,465 | 13,020 | 18.8 | 44,799 | 36,141 | 24.0 |

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 and wrap fees. The YoY increases in recurring net revenue in 3Q18 and 9M18 were mainly due 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 20.5% YoY to \$8.33 billion in 3Q18 and 23.4% YoY to \$8.14 billion in 9M18.

Non-recurring revenue mainly comprises commission income derived from investment subscription via front-end load commissions or processing fees; service fees arising from the provision of currency conversion administration services to customers and the provision of administration services to FA firms; advertising fees earned from advertisements placed by third parties on iFAST websites and mobile applications; and IT solution fees for provision of IT solutions to business partners. The increases in non-recurring net revenue in the period were due

mainly to increases in commission income as a result of increased customers' trading volumes in bonds, ETFs and stocks and IT service fees earned from provision of IT solutions to some FA firms and institutional clients in the period.

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

| | 3Q18 | Group | Change | 9M18 | Group | Change |
|-------------------|--------|--------|--------|--------|--------|--------|
| | \$'000 | 3Q17 | | % | \$'000 | |
| Singapore | 10,309 | 9,092 | 13.4 | 29,932 | 25,478 | 17.5 |
| Hong Kong | 3,610 | 2,873 | 25.7 | 10,657 | 7,897 | 34.9 |
| Malaysia | 1,397 | 915 | 52.7 | 3,619 | 2,473 | 46.3 |
| | 15,316 | 12,880 | 18.9 | 44,208 | 35,848 | 23.3 |
| China | 149 | 140 | 6.4 | 591 | 293 | 101.7 |
| Total net revenue | 15,465 | 13,020 | 18.8 | 44,799 | 36,141 | 24.0 |

Other income

Other income remained flat in the period compared to the same period last year.

Operating expenses

Excluding China operation, the Group's operating expenses increased by \$1.52 million or 15.5% from \$9.83 million in 3Q17 to \$11.35 million in 3Q18 and \$5.64 million or 21.0% from \$26.80 million in 9M17 to \$32.44 million in 9M18. 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 in the period. Singapore operation has leased additional office space from July 2017 to support its business expansion.

For our China operation, the operating expenses increased by \$0.28 million or 22.8% from \$1.23 million in 3Q17 to \$1.51 million in 3Q18 and \$0.79 million or 22.3% from \$3.53 million in 9M17 to \$4.32 million in 9M18. The increase was due mainly to our increasing efforts in building our brand and business in the China market over the period.

Overall, the Group's total operating expenses increased by \$1.80 million or 16.3% from \$11.06 million in 3Q17 to \$12.86 million in 3Q18 and \$6.43 million or 21.2% from \$30.33 million in 9M17 to \$36.76 million in 9M18. The following table shows the breakdown of the Group's operating expenses by its existing markets and China market.

| | 3Q18 | Group | Change | 9M18 | Group | Change |
|--|--------|--------|--------|--------|--------|--------|
| | \$'000 | 3Q17 | | % | \$'000 | |
| Operating expenses (excluding China operation) | 11,353 | 9,828 | 15.5 | 32,442 | 26,804 | 21.0 |
| Operating expenses in China operation | 1,511 | 1,230 | 22.8 | 4,315 | 3,527 | 22.3 |
| Total operating expenses | 12,864 | 11,058 | 16.3 | 36,757 | 30,331 | 21.2 |

Depreciation of plant and equipment increased by \$0.06 million or 15.6% from \$0.37 million in 3Q17 to \$0.43 million in 3Q18 and \$0.23 million or 23.3% from \$1.00 million in 9M17 to \$1.23 million in 9M18. Amortisation of intangible assets increased by \$0.19 million or 25.5% from \$0.76 million in 3Q17 to \$0.95 million in 3Q18 and \$0.81 million or 41.0% from \$1.98 million in 9M17 to \$2.79 million in 9M18. 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.

Staff costs increased by \$1.43 million or 26.2% from \$5.44 million in 3Q17 to \$6.87 million in 3Q18 and \$4.29 million or 28.5% from \$15.06 million in 9M17 to \$19.35 million in 9M18, due mainly to the annual and semi-annual salary increment adjustments in the period, the increased number of staff over the period, the increased equity-settled share-based payment transactions resulting from another batches of performance shares granted in March 2018 and May 2018, and higher staff bonus in line with improved business performance accrued in 9M18.

Other operating expenses increased by \$0.14 million or 2.9% from \$4.48 million in 3Q17 to \$4.62 million in 3Q18 and \$1.09 million or 8.9% from \$12.30 million in 9M17 to \$13.39 million in 9M18, due mainly to an increase in rental of Singapore operation arising from lease of additional office space in Singapore from July 2017 and increases in advertising, IT service and maintenance, bank charges and brokerage costs to support the growth of the Group's business in the period and partially offset by unrealised exchange gains arising from cash and cash equivalents and investments in financial assets reported in the period.

Net finance income

Net finance income increased by \$0.05 million or 29.4% from \$0.18 million in 3Q17 to \$0.23 million in 3Q18 and \$0.17 million or 31.2% from \$0.54 million in 9M17 to \$0.71 million in 9M18. 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 and interest cost of \$0.02 million on bank short-term loan in 3Q18.

Share of results of associates, net of tax

The Group's share of loss after tax of associates in 9M18 comprised share of results of associates, namely Providend Holding Pte Ltd ("Providend") and iFAST India Holdings Pte Ltd in the period. 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 25.98 billion (equivalent to \$490 million) as at 30 September 2018, growing at a 5-year compound annual growth rate ("CAGR") of approximately 48.3%.

The share of loss after tax of associates decreased from \$0.06 million in 3Q17 to \$0.02 million in 3Q18 and from \$0.31 million in 9M17 to \$0.11 million in 9M18. These were due mainly to derecognition of a loss-making associate in June 2017 and some improvement in results of Providend in the period.

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.

| | 3Q18 \$'000 | Group 3Q17 \$'000 | Change % | 9M18 \$'000 | Group 9M17 \$'000 | Change % |
|--|----------------|-------------------------|-------------|----------------|-------------------------|-------------|
| | | Restated | | | Restated | |
| Singapore | 3,457 | 2,787 ⁽³⁾ | 24.0 | 9,668 | 8,432 ⁽³⁾ | 14.7 |
| Hong Kong | 834 | 577 ⁽⁴⁾ | 44.5 | 2,647 | 1,234 ⁽⁴⁾ | 114.5 |
| Malaysia | 221 | 193 | 14.5 | 984 | 761 | 29.3 |
| Other ⁽¹⁾ | (20) | (63) | (68.3) | (110) | (307) | (64.2) |
| Profit before tax (excluding China operation) | 4,492 | 3,494 | 28.6 | 13,189 | 10,120 | 30.3 |
| Tax expense | (615) | (460) | 33.7 | (1,421) | (1,180) | 20.4 |
| Net profit after tax (excluding China operation) | 3,877 | 3,034 | 27.8 | 11,768 | 8,940 | 31.6 |
| China operation ⁽²⁾ | (1,275) | (1,025) | 24.4 | (3,478) | (3,037) | 14.5 |
| Net profit after tax (including China operation) | 2,602 | 2,009 | 29.5 | 8,290 | 5,903 | 40.4 |

Notes:

(1) Referring to share of results of associates.

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

(3) The profit before tax of Singapore operation for 3Q17 has been reduced by approximately \$282,000 to \$2,787,000 and the profit before tax of Singapore operation for 9M17 has been reduced by approximately \$604,000 to \$8,432,000, as a result of adoption of SFRS(I) 9.

(4) The profit before tax of Hong Kong operation for 3Q17 has been reduced by approximately \$25,000 to \$577,000 and the profit before tax of Hong Kong operation for 9M17 has been reduced by approximately \$25,000 to \$1,234,000 as a result of adoption of SFRS(I) 9.

Overall, excluding China operation, the Group's profit before tax increased by \$1.00 million or 28.6% from \$3.49 million in 3Q17 to \$4.49 million in 3Q18 and \$3.07 million or 30.3% from \$10.12 million in 9M17 to \$13.19 million in 9M18, due mainly to contributions of higher profitability from Singapore, Hong Kong and Malaysia operations in the quarter.

Tax expense increased by \$0.16 million from \$0.46 million in 3Q17 to \$0.62 million in 3Q18 and \$0.24 million from \$1.18 million in 9M17 to \$1.42 million in 9M18, due mainly to an increase in taxable income from Singapore operation in the period, partially offset by some deferred tax asset recognised by Hong Kong operation for some unused tax losses at 30 September 2018.

China operation is continuing to build iFAST brand and business in this new market. Resulting from negative market sentiment in the China market in recent quarters, the loss from China operation increased by 24.4% YoY to \$1.28 million in 3Q18, and 14.5% YoY to \$3.48 million in 9M18.

Including China operation and tax expense, the Group's net profit after tax increased by \$0.59 million or 29.5% from \$2.01 million in 3Q17 to \$2.60 million in 3Q18 and \$2.39 million or 40.4% from \$5.90 million in 9M17 to \$8.29 million in 9M18.

Statement of Financial Position

The shareholders' equity of the Group increased to \$84.49 million as at 30 September 2018 from \$81.24 million as at 31 December 2017. This was due mainly to contribution of net profit generated in 9M18, and partially offset by payments of dividends in the quarter and a decrease in fair value of some financial assets at FVOCI in the period.

The Group's cash position (including cash at bank and in hand, money market fund and investments in financial assets categorised as other investments under current assets and excluding loan borrowing) decreased to \$48.07 million as at 30 September 2018 from \$55.91 million as at 31 December 2017. This was due mainly to settlement of payments of securities investment and intangible assets acquired at 31 December 2017 in 1Q18 and payments of

dividends in the period, partially offset by higher net cash generated from operating activities in 9M18.

Current assets increased to \$101.48 million as at 30 September 2018 from \$94.45 million as at 31 December 2017. This was due mainly to an increase in trade and other receivables in line with the increase in revenue in the period and increases in uncompleted contracts on securities dealing and cash and cash equivalents at end of the period.

Non-current assets increased to \$26.92 million as at 30 September 2018 from \$22.28 million as at 31 December 2017. The increase was due mainly to additions of plant and equipment and intangible assets (including internally-developed IT software assets) and additional investments in existing associates in the period, and an increase in strategic investment of minority stake in an institutional business partner in China in 3Q18.

Total liabilities increased to \$44.06 million as at 30 September 2018 from \$35.48 million as at 31 December 2017. This was due mainly to increases in tax payables and uncompleted contracts on securities dealing at end of the period and drawdown of a short-term loan in 3Q18, partially offset by a decrease in trade and other payables arising from settlement of payments of securities investment acquired at 31 December 2017 in 1Q18.

Consolidated Statement of Cash Flows

Net cash from operating activities increased from \$3.18 million in 3Q17 to \$3.60 million in 3Q18 and from \$8.09 million in 9M17 to \$14.01 million in 9M18, due mainly to higher operating profit generated in the period.

Net cash used in investing activities increased from \$1.38 million in 3Q17 to \$1.96 million in 3Q18, due mainly to higher additions of plant and equipment and intangible assets (including internally-developed IT software assets) in the quarter. Net cash used in investing activities was \$13.47 million in 9M18 compared to net cash of \$0.95 million from investing activities in 9M17, due mainly to settlement of payments of securities investment and intangible assets acquired at 31 December 2017 in 1Q18, and higher additions of plant and equipment in the period.

Net cash from financing activities was \$8.08 million in 3Q18 compared to net cash of \$1.44 million used in financing activities in 3Q17 and net cash from financing activities was \$3.65 million in 9M18 compared to net cash of \$4.98 million used in financing activities in 9M17. This was mainly due to a drawdown of bank short-term loan in 3Q18 for the financing of the initial capital for the virtual banking business that the Group is pursuing in Hong Kong.

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

No forecast or prospect statement was previously provided.

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

The Group's Assets Under Administration ("AUA") increased 18.7% YoY to \$8.50 billion as at 30 Sep 2018, achieving a ninth consecutive quarter of record AUA levels despite volatile market conditions in the first nine months of 2018 ("9M2018").

The Group's revenue and profitability has also continued to improve in 9M2018 as a result of the progress made in our overall business, with net revenue increasing 24.0% YoY to \$44.80 million and net profit rising 40.4% YoY to \$8.29 million. Excluding China, the Group's net profit was \$11.77 million in 9M2018, an increase of 31.6% YoY.

The Group's net cash generated from operating activities was \$14.01 million in 9M2018, compared to \$13.22 million in the whole of 2017. Excluding China, the Group's net cash generated from operating activities was \$16.84 million in 9M2018.

In recent times, the sources of the Group's net revenue have broadened. In 9M2018, contributions from net interest income arising from client AUA and Fintech Solutions IT fees have become more important.

We continue to work on improving and broadening the iFAST Fintech Ecosystem. This includes stepping up our efforts to offer a broader range of Fintech Solutions to our B2B partners, including helping to empower them with B2C Fintech capabilities.

Barring unforeseen and adverse circumstances, we expect the Group's overall business performance in 2018 to show a healthy improvement over 2017, although the losses of China operation for 2018 are expected to be slightly higher than 2017.

In recent months, we have taken steps to work towards a structure whereby in the medium to long term, our Hong Kong and China businesses could be organised as a separate standalone listed subsidiary. We expect these efforts, when materialised, to strengthen the overall capital base of the Group.

Separately, we have also applied for a Virtual Banking licence in Hong Kong. If successful, this will further improve the ability of the Group to continue growing as a leading Wealth Management Fintech Platform in Asia.

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 20 November 2018.

(d) Books closure date

The Register of Members and Share Transfer Books of the Company will be closed on 8 November 2018 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 7 November 2018 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 7 November 2018 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.

Pursuant to the IPO on 11 December 2014, the Company received net proceeds of \$48.0 million from the issuance of the new shares (including over-allotment shares), after deducting for share issuance expenses of \$2.4 million and IPO-related expenses of \$1.95 million.

After a review of the Group's cash flows and expansion plans, the Board decided to reallocate \$8.0 million of IPO proceeds originally intended to be used for the mergers and acquisitions strategy to be now used for the enhancement of product capabilities, IT and services of the Group instead. The Board is of the view that such reallocation of the IPO proceeds is in the best interests of the Company and its shareholders. The following table summarises the reallocation of IPO proceeds.

| | Allocation of IPO proceeds | Amount reallocated on 26 October 2018 | IPO proceeds utilised as at 26 October 2018 | Balance of IPO proceeds |
|---|-------------------------------|---|---|----------------------------|
| Use of net proceeds | \$' million | \$' million | \$' million | \$' million |
| Mergers and acquisitions strategy | 27.2 | 19.2 | 11.3 | 7.9 |
| Expansion of our business in the Chinese market | 7.0 | 7.0 | 7.0 | - |
| Enhancement of our product capabilities, IT and services | 8.0 | 16.0 | 8.0 | 8.0 |
| Working capital purposes | 5.8 | 5.8 | 5.8 ⁽²⁾ | - |
| Net Proceeds | 48.0 ⁽¹⁾ | 48.0 | 32.1 | 15.9 |

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 \$15.9 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 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Leung Fung Yat, David
Chief Financial Officer
27 October 2018