

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 First Quarter 2020
Financial Statements Announcement**

First Quarter 2020 Financial Statements and Dividend Announcement

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

Consolidated income statement for the first quarter ended 31 March 2020

	1Q20 \$'000	Group 1Q19 \$'000	Change %
Revenue	38,478	27,189	41.5
Brokerage expense and commission and fee paid or payable to third party financial advisers	(19,658)	(12,172)	61.5
	18,820	15,017	25.3
Other income	560	612	(8.5)
Depreciation of plant and equipment	(523)	(449)	16.5
Depreciation of right-of-use assets	(1,636)	(1,393)	17.4
Amortisation of intangible assets	(1,549)	(1,172)	32.2
Staff costs	(8,005)	(7,104)	12.7
Other operating expenses	(3,380)	(3,347)	1.0
Results from operating activities	4,287	2,164	98.1
Finance income	365	255	43.1
Finance costs	(197)	(416)	(52.6)
Net finance income / (costs)	168	(161)	NM
Share of results of associates, net of tax	(71)	(136)	(47.8)
Profit before tax	4,384	1,867	134.8
Tax expense	(789)	(318)	148.1
Profit for the period	3,595	1,549	132.1
Profit attributable to:			
Owners of the Company	3,635	1,603	126.8
Non-controlling interests	(40)	(54)	(25.9)
Profit for the period	3,595	1,549	132.1

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 first quarter ended 31 March 2020

	1Q20	Group 1Q19	Change
	\$'000	\$'000	%
Profit for the period	3,595	1,549	132.1
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of financial assets-debt investments at FVOCI	(8)	10	NM
Net change in fair value of financial assets-debt investments at FVOCI reclassified to profit or loss	-	(11)	(100.0)
Foreign currency translation differences for foreign operations	1,418	(84)	NM
Share of other comprehensive income of associates	6	(7)	NM
	<u>1,416</u>	<u>(92)</u>	<u>NM</u>
Items that will not be reclassified subsequently to profit or loss:			
Net change in fair value of financial assets-equity investments at FVOCI	(1,228)	367	NM
	<u>(1,228)</u>	<u>367</u>	<u>NM</u>
Other comprehensive income for the period , net of tax	<u>188</u>	<u>275</u>	<u>(31.6)</u>
Total comprehensive income for the period	<u>3,783</u>	<u>1,824</u>	<u>107.4</u>
Attributable to:			
Owners of the Company	3,823	1,877	103.7
Non-controlling interests	(40)	(53)	(24.5)
Total comprehensive income for the period	<u>3,783</u>	<u>1,824</u>	<u>107.4</u>

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

	1Q20 \$'000	Group 1Q19 \$'000	Change %
<u>Profit for the period is arrived at after charging / (crediting) the following:</u>			
Other income			
- Net investment loss / (income)	101	(511)	NM
- Government grant	(646)	(89)	625.8
- Miscellaneous income	(15)	(12)	25.0
	(560)	(612)	(8.5)
Finance income			
- Interest income from cash and cash equivalents	(51)	(85)	(40.0)
- Interest income from clients trade settlement bank accounts	(310)	(166)	86.7
- Interest income from investment in financial assets	(2)	(2)	-
- Interest income from receivables	(2)	(2)	-
	(365)	(255)	43.1
Finance costs			
- Interest expense on bank loans	22	230	(90.4)
- Interest expense on lease liabilities	175	186	(5.9)
	197	416	(52.6)
Lease expense	10	268	(96.3)
Foreign exchange (gain) / loss, net	(151)	240	NM
Equity-settled share-based payment transactions, included in staff costs	690	690	-
Equity-settled share-based payment transactions, included in other operating expenses	23	-	NM
Gain on redemption of investment in financial assets at FVOCI, included in investment income	-	(11)	(100.0)
Dividend income on investment in financial assets at FVOCI, included in investment income	(145)	(160)	(9.4)
Net loss / (gain) on investment in financial assets at FVTPL, included in investment income	255	(331)	NM
Dividend income on investment in associates	(9)	(9)	-

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

	Group As at		Company As at	
	31-Mar-20 \$'000	31-Dec-19 \$'000	31-Mar-20 \$'000	31-Dec-19 \$'000
Assets				
Plant and equipment	3,896	3,689	80	161
Right-of-use assets	13,460	14,390	198	877
Intangible assets and goodwill	22,712	22,212	18,980	18,763
Subsidiaries	-	-	52,048	51,608
Associates	5,920	5,375	5,964	5,351
Other investments	5,289	5,329	1,219	1,189
Deferred tax assets	1,090	1,139	-	-
Prepayments and others	301	327	11	11
Total non-current assets	52,668	52,461	78,500	77,960
Current tax receivable	17	30	-	-
Other investments	22,763	19,144	17,142	16,440
Prepayments and others	1,870	1,759	220	108
Trade and other receivables	38,176	34,720	20,182	18,817
Uncompleted contracts - buyers	66,556	24,246	-	-
Money market funds	244	616	-	-
Cash at bank and in hand	21,432	24,195	1,401	2,765
Total current assets	151,058	104,710	38,945	38,130
Held under trust				
Client bank accounts	675,990	410,723	-	-
Client ledger balances	(675,990)	(410,723)	-	-
	-	-	-	-
Total assets	203,726	157,171	117,445	116,090
Equity				
Share capital	66,326	66,180	66,326	66,180
Reserves	28,111	23,877	17,629	19,369
Equity attributable to owners of the Company	94,437	90,057	83,955	85,549
Non-controlling interests	(461)	(421)	-	-
Total equity	93,976	89,636	83,955	85,549
Liabilities				
Deferred tax liabilities	1,888	1,928	1,608	1,628
Lease liabilities	10,428	10,755	58	69
Total non-current liabilities	12,316	12,683	1,666	1,697
Current tax payables	1,862	1,530	-	-
Lease liabilities	3,832	4,366	143	819
Bank loans	3,827	3,806	3,827	3,806
Trade and other payables	21,471	20,955	27,854	24,219
Uncompleted contracts - sellers	66,442	24,195	-	-
Total current liabilities	97,434	54,852	31,824	28,844
Total liabilities	109,750	67,535	33,490	30,541
Total equity and liabilities	203,726	157,171	117,445	116,090

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

Amount repayable in one year or less, or on demand

	As at 31-Mar-20 \$'000		As at 31-Dec-19 \$'000	
	Secured	Unsecured	Secured	Unsecured
Bank loans	-	3,827	-	3,806
	<u>-</u>	<u>3,827</u>	<u>-</u>	<u>3,806</u>

The unsecured bank loans are revolving bank loans that bear interest at rates ranging from 1.80% to 2.72% (2019: 1.60% to 3.48%) per annum in the period and are repayable within the next 12 months from the reporting date.

Amount repayable after one year

No any amount of the Group's borrowings and debt securities is repayable after one year 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	
	1Q20 \$'000	1Q19 \$'000
Cash flows from operating activities		
Profit for the period	3,595	1,549
Adjustments for:		
Depreciation of plant and equipment	523	449
Depreciation of right-of-use assets	1,636	1,393
Amortisation of intangible assets	1,549	1,172
Equity-settled share-based payment transactions	713	690
Dividend income on investment in financial assets at FVOCI	(145)	(160)
Gain on redemption of investment in financial assets at FVOCI	-	(11)
Net loss / (gain) on investment in financial assets at FVTPL	255	(331)
Share of results of associates, net of tax	71	136
Dividend income on investment in associates	(9)	(9)
Foreign exchange (gain) / loss, net	(151)	240
Loss on disposal of plant and equipment	-	1
Net finance (income) / costs	(168)	161
Tax expense	789	318
	<u>8,658</u>	<u>5,598</u>
Change in uncompleted contracts and trade and other receivables	(44,142)	(20,218)
Change in uncompleted contracts and trade and other payables	43,705	17,654
Cash generated from operations	8,221	3,034
Tax paid	(381)	(16)
Interest received	365	255
Interest paid on bank loans	-	(167)
Interest paid on lease liabilities	(175)	(183)
Net cash from operating activities	8,030	2,923
Cash flows from investing activities		
Purchase of plant and equipment	(641)	(909)
Purchase of intangible assets	(4,556)	(4,752)
Proceeds from disposal of plant and equipment	-	1
Additional investment in associates	(613)	-
Dividend from associates	18	18
Purchase of investment in financial assets	(32,427)	(24,820)
Proceeds from redemption of investment in financial assets	27,898	24,147
Dividends received from investment in financial assets at FVOCI	1	2
Net cash used in investing activities	(10,320)	(6,313)
Cash flows from financing activities		
Proceeds from exercise of share options	146	33
Purchase of treasury shares	(279)	-
Repayment of bank loans	-	(23,497)
Principal element of lease payments	(1,607)	(1,312)
Net cash used in financing activities	(1,740)	(24,776)
Net decrease in cash and cash equivalents	(4,030)	(28,166)
Cash and cash equivalents at beginning of the period	24,811	61,301
Effect of exchange rate fluctuations on cash held	895	13
Cash and cash equivalents at end of the period	21,676	33,148

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

	Group										
	Attributable to owners of the Company										Total equity \$'000
	Share capital \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Share option reserve \$'000	Performance share reserve \$'000	Equity reserve \$'000	Reserve for own shares \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	
At 1 January 2020	66,180	(1,134)	(1,453)	2,549	4,257	(2,010)	(199)	21,867	90,057	(421)	
Total comprehensive income for the period											
Profit / (Loss) for the period	-	-	-	-	-	-	-	3,635	3,635	(40)	3,595
Other comprehensive income											
Net change in fair value of financial assets at FVOCI	-	(1,233)	-	-	-	-	-	-	(1,233)	(3)	(1,236)
Foreign currency translation differences for foreign operations	-	-	1,418	-	-	-	-	-	1,418	-	1,418
Share of other comprehensive income of associates	-	(1)	3	-	-	-	-	-	3	3	6
Total other comprehensive income	-	(1,233)	1,421	-	-	-	-	-	188	-	188
Total comprehensive income for the period	-	(1,233)	1,421	-	-	-	-	3,635	3,823	(40)	3,783
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Share options exercised	146	-	-	-	-	-	-	-	146	-	146
Purchase of treasury shares	-	-	-	-	-	-	(279)	-	(279)	-	(279)
Equity-settled share-based payment transactions	-	-	-	93	597	-	-	-	690	-	690
Total contributions by and distribution to owners	146	-	-	93	597	-	(279)	-	557	-	557
Total transactions with owners	146	-	-	93	597	-	(279)	-	557	-	557
At 31 March 2020	66,326	(2,367)	(32)	2,642	4,854	(2,010)	(478)	25,502	94,437	(461)	93,976

⁽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
	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)	85,355
Total comprehensive income for the period											
Profit / (Loss) for the period	-	-	-	-	-	-	-	1,603	1,603	(54)	1,549
Other comprehensive income											
Net change in fair value of financial assets at FVOCI	-	377	-	-	-	-	-	-	377	-	377
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	(11)	-	-	-	-	-	-	(11)	-	(11)
Net change in fair value on disposal of financial assets at FVOCI transferred between reserves	-	(1)	-	-	-	-	-	(1)	-	-	-
Foreign currency translation differences for foreign operations	-	-	(85)	-	-	-	-	-	(85)	1	(84)
Share of other comprehensive income of associates	-	-	(7)	-	-	-	-	-	(7)	-	(7)
Total other comprehensive income	-	366	(92)	-	-	-	-	-	274	1	275
Total comprehensive income for the period	-	366	(92)	-	-	-	-	1,603	1,877	(53)	1,824
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Share options exercised	33	-	-	-	-	-	-	-	33	-	33
Treasury shares re-issued	-	-	-	-	(891)	-	621	270	-	-	-
Equity-settled share-based payment transactions	-	-	-	99	591	-	-	-	690	-	690
Total contributions by and distribution to owners	33	-	-	99	(300)	-	621	270	723	-	723
Total transactions with owners	33	-	-	99	(300)	-	621	270	723	-	723
At 31 March 2019	66,002	(1,077)	(1,321)	2,212	2,657	(2,010)	(783)	22,484	88,164	(262)	87,902

(1) 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 2020	66,180	(1,132)	1,613	4,257	(199)	14,830	85,549
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(911)	(911)
Other comprehensive income							
Net change in fair value of financial assets at FVOCI	-	(1,167)	-	-	-	-	(1,167)
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	-	-	-	-	-	-
Net change in fair value on disposal of financial assets at FVOCI transferred between reserves	-	-	-	-	-	-	-
Total other comprehensive income	-	(1,167)	-	-	-	-	(1,167)
Total comprehensive income for the period	-	(1,167)	-	-	-	(911)	(2,078)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share options exercised	146	-	-	-	-	-	146
Purchase of treasury shares	-	-	-	-	(279)	-	(279)
Equity-settled share-based payment transactions	-	-	20	597	-	-	617
Total contributions by and distribution to owners	146	-	20	597	(279)	-	484
Total transactions with owners	146	-	20	597	(279)	-	484
At 31 March 2020	66,326	(2,299)	1,633	4,854	(478)	13,919	83,955

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

	Company						
	<u>Attributable to owners of the Company</u>						Total equity
	Share capital	Fair value reserve	Share option reserve	Performance share reserve	Reserve for own shares	Accumulated profits	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2019	65,969	(1,442)	1,564	2,957	(1,404)	16,615	84,259
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(807)	(807)
Other comprehensive income							
Net change in fair value of financial assets at FVOCI	-	377	-	-	-	-	377
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	(11)	-	-	-	-	(11)
Net change in fair value on disposal of financial assets at FVOCI transferred between reserves	-	(1)	-	-	-	(1)	-
Total other comprehensive income	-	366	-	-	-	-	366
Total comprehensive income for the period	-	366	-	-	-	(807)	(441)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share options exercised	33	-	-	-	-	-	33
Treasury shares re-issued	-	-	-	(891)	621	270	-
Equity-settled share-based payment transactions	-	-	(2)	591	-	-	589
Total contributions by and distribution to owners	33	-	(2)	(300)	621	270	622
Total transactions with owners	33	-	(2)	(300)	621	270	622
At 31 March 2019	66,002	(1,076)	1,562	2,657	(783)	16,078	84,440

(1) Amount less than \$1,000

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The number of shares in issue in the Company as at 31 March 2020 excluding treasury shares and subsidiary holdings was 269,827,707 ordinary shares (31 December 2019: 268,732,479 ordinary shares). The movements in the Company's share capital during the first quarter ended 31 March 2020 were as follows:

	Number of ordinary shares
As at 31 December 2019	268,732,479
Exercise of share options	297,828
Vesting of performance shares	1,147,400
Purchase of treasury shares	(350,000)
As at 31 March 2020	<u>269,827,707</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:

Share Option Schemes 2003 and 2013 ("Schemes")

	Number of share options
As at 31 December 2019	4,736,140
Share options granted	-
Exercised	(297,828)
Forfeited	-
As at 31 March 2020	<u>4,438,312</u>

As at 31 March 2020, the number of outstanding share options under the iFAST ESOS was 4,438,312 (31 March 2019: 3,755,940).

iFAST Corporation Performance Share Plan ("iFAST PSP")

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

	Number of performance shares
As at 31 December 2019	7,648,400
Performance shares granted but not vested	-
Vested	(1,147,400)
Forfeited	(113,200)
As at 31 March 2020	<u>6,387,800</u>

As at 31 March 2020, the number of outstanding performance shares granted but not vested under the iFAST PSP was 6,387,800 (31 March 2019: 8,787,700).

Treasury shares and subsidiary holdings

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

	Number of treasury shares
As at 31 December 2019	224,100
Purchased by way of on-market acquisition	350,000
Purchased by way of off-market acquisition	-
Re-issued	-
As at 31 March 2020	<u>574,100</u>

As at 31 March 2020, 574,100 (31 March 2019: 881,300) 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 31 March 2020 and 31 March 2019.

As at 31 March 2020, the treasury shares held by the Company represented 0.2% (31 March 2019: 0.3%) of the total number of issued shares excluding treasury shares and subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31-Mar-20	As at 31-Dec-19
Total number of issued shares excluding treasury shares and subsidiary holdings	<u>269,827,707</u>	<u>268,732,479</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 first quarter ended 31 March 2020.

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

There were no sales, transfer, cancellation and/or use of subsidiary holdings as at 31 March 2020.

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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

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

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

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

The Group and the Company have adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and Interpretations of SFRS(I) ("SFRS(I) INTs") that are effective for the annual period beginning on 1 January 2020. The adoption of these SFRS(I)s and SFRS(I) INTs did not have any significant effect on the financial statements of the Group and the Company.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	1Q20	1Q19
(i) Based on weighted average number of ordinary shares on issue		
- Weighted average number of ordinary shares	269,264,107	267,048,679
Basic earnings per share (cents)	1.35	0.60
(ii) On a fully diluted basis of ordinary shares		
- Adjusted weighted average number of ordinary shares	275,160,811	273,200,866
Diluted earnings per share (cents)	1.32	0.59

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuers at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
Net asset value per ordinary share (cents)	35.00	33.51	31.11	31.83

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 spread of Covid-19 profoundly affected global financial markets in the first quarter of 2020 ("1Q20"), with a stark sell-off in the markets especially in the month of March 2020. The overall MSCI World Index lost 21.1% in 1Q20.

The adverse impact of significant decline in the markets on the Group's Asset Under Administration ("AUA") was partially offset by a record quarterly net inflows of \$590 million in client assets on the Group's platforms. The Group's AUA dropped 4.6% quarter-on-quarter ("QoQ") at the end of 1Q20.

However, the Group's AUA was still up 9.1% year-on-year ("YoY") to \$9.54 billion as at 31 March 2020. The Group's revenue reached a record high of \$38.48 million with a YoY growth of 41.5% in 1Q20, as a result of the combined impacts of the YoY growth of AUA and the improved range and depth of products and services brought to clients and business partners in recent times.

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').

	1Q20	Group	Change
	\$'000	1Q19	%
	\$'000	\$'000	%
Business-to-Customer business	6,778	4,829	40.4
Business-to-Business business	31,700	22,360	41.8
Total revenue	<u>38,478</u>	<u>27,189</u>	<u>41.5</u>

For B2C division, its revenue was up 40.4% YoY in 1Q20. This was due mainly to significant increases in transaction fees resulting from increased investment subscription from customers in exchange-traded funds (“ETFs”) and stocks, and service fees arising from the provision of currency conversion administration services resulting from higher clients’ trading volume of ETFs and stocks listed on foreign exchanges. The Group’s average AUA of B2C division grew 23.9% YoY in 1Q20.

For B2B division, its revenue was up 41.8% YoY in 1Q20. Besides significant increases in transaction fees resulting from increased investment subscription from customers in ETFs and stocks, and service fees arising from the currency conversion administration service provision, the trade volume of customers’ investment subscription in UTs and portfolio services continued growing in 1Q20. The Group’s average AUA of B2B division grew 16.8% YoY in 1Q20.

Brokerage expense and commission and fee paid or payable to third party financial advisers

Brokerage expense is brokerage fee paid to third party brokers for execution of clients’ trade of securities listed on overseas exchanges of which the Group is not a member. For B2B division, the substantial portion of front-end commission income and transaction fee from B2B customers is payable to third party financial advisers.

Brokerage expense and commission and fee paid or payable to third party financial advisers increased by 61.5% from \$12.17 million in 1Q19 to \$19.66 million in 1Q20. This is due mainly to significant increases in clients’ trade volume of ETFs and stocks from both B2C business and B2B business and commission income from UT business in B2B division in the quarter.

Net revenue

Net revenue represents revenue earned by the Group after brokerage expense and commission and fee paid or payable to third party financial advisers. The Group’s net revenue of \$18.82 million in 1Q20 was 25.3% higher than 1Q19 with the breakdown by business divisions as follows.

	1Q20	Group	Change
	\$'000	1Q19	%
	\$'000	\$'000	%
Business-to-Customer business	6,571	4,829	36.1
Business-to-Business business	12,249	10,188	20.2
Total net revenue	<u>18,820</u>	<u>15,017</u>	<u>25.3</u>

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 1Q20, 74.3% of net revenue is derived from recurring net revenue and 25.7% is from non-recurring net revenue.

	Group		
	1Q20	1Q19	Change
	\$'000	\$'000	%
Recurring net revenue	13,989	12,550	11.5
Non-recurring net revenue	4,831	2,467	95.8
Total net revenue	18,820	15,017	25.3

Recurring net revenue is usually calculated based on a percentage of average AUA of investment products distributed on the Group's platforms, and mainly comprises trailer fees, platform fees, wrap fees and net interest income arising from clients' AUA. The YoY increase in recurring net revenue in 1Q20 was due mainly to an increase in average AUA for both B2B business and B2C business during the period, which benefited from new inflows of investments from customers over the period. The total inflows of customer investments, net of outflows of customer investments, in 1Q20 were 224.4% higher than 1Q19 and 119.9% higher than the last quarter of 2019. The average AUA of the Group grew 17.9% YoY to \$9.80 billion in 1Q20.

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 from provision of IT Fintech solutions to business partners. The increase in non-recurring net revenue in 1Q20 was due mainly to an increase in financial institution clients' investment subscription in UTs in 1Q20 and the significant growth of business in ETFs and stocks and the resulted increase in service fee arising from the currency conversion administration services provided to customers in the quarter.

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

	Group		
	1Q20	1Q19	Change
	\$'000	\$'000	%
Singapore	12,190	9,770	24.8
Hong Kong	4,819	3,673	31.2
Malaysia	1,552	1,393	11.4
	18,561	14,836	25.1
China	259	181	43.1
Total net revenue	18,820	15,017	25.3

Breaking down by geographical segment, Singapore operation is still the major contributor of the Group's net revenue. Besides the significant increase of 148.1% YoY in customers' investment subscription in UTs in 1Q20, the significant YoY growth in the businesses of securities brokerage and other new products and services launched in recent years, including the cash management solution service through the FSM Auto-Sweep Account, and higher contributions from net interest income arising from increased clients' AUA led to the higher YoY growth in the net revenue in Singapore operation in 1Q20. The average AUA of Singapore operation grew 15.8% YoY to \$6.52 billion in 1Q20.

In Hong Kong, the clients' investment trading volume in ETFs and stocks continued to increase in 1Q20. In addition, insurance business in B2B division also continued growing significantly in 1Q20. The net revenue in Hong Kong operation grew 31.2% YoY in 1Q20. The average AUA of Hong Kong operation grew 19.2% YoY to \$2.30 billion in 1Q20.

In Malaysia, the IT solution fee from Fintech solution provision to business partners decreased by \$0.32 million in 1Q20 compared to 1Q19, as some bigger IT projects, including a project provided to the Employees Provident Fund ("EPF") in Malaysia, completed in 2019. However, the bond business continued growing healthily in 1Q20, following a launch of retail bonds under New Securities Commission Seasoning Framework in the market in the second quarter of 2019. The UT business also continued growing and the amount of customers' investment subscription in

UTs increased 139.1% YoY in 1Q20. All those contributed to the increase of 11.4% YoY in net revenue in Malaysia operation in 1Q20, despite a YoY decrease in IT solution fee in the quarter. Excluding the revenue from IT solution sector, the net revenue in Malaysia operation grew 50.5% YoY in 1Q20. The average AUA of Malaysia operation grew 32.3% YoY to \$0.87 billion in 1Q20.

China is the first country significantly affected by the outbreak of Covid-19 in early 2020, but the measures adopted by China to contain the spread brought down the number of active cases of Covid-19 sharply in mainland China after the peak in February 2020. Following the situation continuing to improve, we continued to see inflows of investments from institutional clients in 1Q20 and the amount of customers' investment subscription in UTs increased 30.8% YoY and 55.6% QoQ in 1Q20. The net revenue in China operation grew 43.1% YoY and 48.0% QoQ in 1Q20. The average AUA of China operation grew 18.5% YoY and 15.1% QoQ to \$0.11 billion in 1Q20.

Other income

Other income decreased by \$0.05 million or 8.5% from \$0.61 million in 1Q19 to \$0.56 million in 1Q20, due mainly to some market loss incurred on investment in financial assets at FVTPL resulting from the significant decline in global financial markets in the quarter, which was partially offset by some support granted by government in Singapore during this period of uncertainty caused by the outbreak of Covid-19.

Operating expenses

Excluding China operation, operating expenses increased in 1Q20, due mainly 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. The Group's operating expenses increased 13.5% from \$12.06 million in 1Q19 to \$13.69 million in 1Q20.

For our China operation, operating expenses kept flat in 1Q20 compared to 1Q19. The Group is continuing to spend efforts in building its brand and business in the China market with more effective cost structures.

Overall, the Group's total operating expenses increased by \$1.62 million or 12.1% from \$13.47 million in 1Q19 to \$15.09 million in 1Q20. The following table shows the breakdown of the Group's operating expenses by its existing markets and China market.

	Group		
	1Q20	1Q19	Change
	\$'000	\$'000	%
Operating expenses (excluding China operation)	13,691	12,062	13.5
Operating expenses in China operation	1,402	1,403	(0.1)
Total operating expenses	15,093	13,465	12.1

Depreciation of plant and equipment increased by \$0.07 million or 16.5% from \$0.45 million in 1Q19 to \$0.52 million in 1Q20. Amortisation of intangible assets increased by \$0.38 million or 32.2% from \$1.17 million in 1Q19 to \$1.55 million in 1Q20. 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 increased by \$0.25 million or 17.4% from \$1.39 million in 1Q19 to \$1.64 million in 1Q20. It was due mainly to that the Group did not recognise right-of-use assets and liabilities for some leases for which the lease term ended within 12 months from the date of initial application (1 January 2019) in accordance with SFRS(I) 16 Leases at the

beginning of 2019, and such leases were subsequently recognised in right-of-use assets and liabilities of the Group upon renewals in the second half of 2019. Consequently, the expense of short-term leases recognised in profit or loss statement dropped in 1Q20.

Staff costs increased by \$0.91 million or 12.7% from \$7.10 million in 1Q19 to \$8.01 million in 1Q20, due mainly to the annual salary increment adjusted in January 2020, the increased number of staff over the period, and higher sales commission paid to staffs in line with higher revenue generated in the quarter.

Other operating expenses kept flat in 1Q20 compared to 1Q19. There were increases in IT services and bank charges to support the growth of the Group's business and some operating costs incurred to facilitate clients trade due to the very volatile market conditions in 1Q20. These increases were offset by decreases in expense of short-term leases and overseas travelling costs in the quarter and some foreign exchange gain recognised due to strength of US dollar in 1Q20.

Net finance income / (costs)

Finance income increased by \$0.11 million or 43.1% from \$0.26 million in 1Q19 to \$0.37 million in 1Q20, due mainly to higher interest income from clients trade settlement bank accounts resulting from increased clients trade volume in the quarter.

Finance costs decreased by \$0.22 million or 52.6% from \$0.42 million in 1Q19 to \$0.20 million in 1Q20, due mainly to a decrease in interest expense on bank loans in line with the lower borrowing amount over the period.

Overall, net finance income of \$0.17 million was recorded in 1Q20 while net finance costs of \$0.16 million were incurred in 1Q19.

Share of results of associates, net of tax

The Group's share of results after tax of associates comprised share of results of associates, namely Provident Holding Pte Ltd ("Provident") and iFAST India Holdings Pte Ltd in the period.

The share of loss after tax of associates decreased by \$0.07 million or 47.8% from \$0.14 million in 1Q19 to \$0.07 million in 1Q20, due mainly to some positive development achieved in the group of Provident in the quarter, which was partially offset by the share of more loss of iFAST India Holdings Pte Ltd resulting from an increase in the Group's stake in iFAST India Holdings Pte Ltd over the period.

There was no significant YoY change in the results of 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 22.46 billion (equivalent to \$424 million) as at 31 March 2020, growing at a 5-year compound annual growth rate ("CAGR") of approximately 23.0%. The Group's effective shareholding in iFAST India has been increased from 19.3% as at 31 March 2019 to 38.0% as at 31 March 2020, following some additional investments in India business over 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.

	1Q20 \$'000	Group 1Q19 \$'000	Change %
Singapore	3,524	2,001	76.1
Hong Kong	1,576	674	133.8
Malaysia	482	515	(6.4)
Other ⁽¹⁾	(70)	(136)	(48.5)
Profit before tax (excluding China operation)	5,512	3,054	80.5
Tax expense	(790)	(318)	148.4
Net profit after tax (excluding China operation)	4,722	2,736	72.6
China operation ⁽²⁾	(1,087)	(1,133)	(4.1)
Net profit after tax (including China operation)	3,635	1,603	126.8

Notes:

(1) Referring to share of results of associates.

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

Overall, excluding China operation, the Group's profit before tax increased by \$2.46 million or 80.5% from \$3.05 million in 1Q19 to \$5.51 million in 1Q20. The higher profitability of the Group, especially Singapore and Hong Kong operations, in 1Q20 was contributed by the higher growth of net revenue in the quarter. The profitability of Malaysia operation was lowered down by 6.4% YoY in 1Q20 was due mainly to lower IT solution fees generated in 1Q20 compared to 1Q19.

Tax expense increased by \$0.47 million or 148.4% YoY in 1Q20, due mainly to higher taxable profit generated by Singapore operation in the quarter and the unutilised tax losses of Malaysia operation being fully recognised as at 31 December 2019.

China operation is continuing to build iFAST brand and business in both onshore Chinese market and offshore Chinese market. Following the improving situation in China market, the net loss of China operation decreased by 4.1% YoY in 1Q20, benefited from the YoY growth in revenue and AUA in the period.

Including China operation and tax expense, the Group's net profit after tax increased by \$2.04 million or 126.8% from \$1.60 million in 1Q19 to \$3.64 million in 1Q20.

Statement of Financial Position

The shareholders' equity of the Group increased to \$94.44 million as at 31 March 2020 from \$90.06 million as at 31 December 2019. This was due mainly to contribution of net profit generated in 1Q20 and an increase in reserve from translation of foreign operations resulting from appreciation of Hong Kong dollar and Chinese yuan in the quarter, partially offset by a decrease in fair value of financial assets at FVOCI due to the significant decline in global financial markets in 1Q20.

The Group's cash and cash equivalents and investments in financial assets (categorised as other investments under current assets) net of bank loans, increased to \$40.61 million as at 31 March 2020 from \$40.15 million as at 31 December 2019. This was due mainly to net cash generated from operating activities in the quarter, partially offset by payments of additional investments in an associate, additions of plant and equipment and intangible assets, and office leases in 1Q20.

Current assets increased to \$151.06 million as at 31 March 2020 from \$104.71 million as at 31 December 2019. This was due mainly to increases in investments in financial assets, trade and other receivables, and receivables from uncompleted contracts on securities dealing at end of the quarter.

Non-current assets increased to \$52.67 million as at 31 March 2020 from \$52.46 million as at 31 December 2019. The increase was due mainly to additions of plant and equipment and intangible assets (including internally-developed IT software assets), and additional investment in an

associate in the quarter, partially offset by a decrease in carrying amount of right-of-use assets resulting from depreciation in the quarter.

Total liabilities increased to \$109.75 million as at 31 March 2020 from \$67.54 million as at 31 December 2019, due mainly to an increase in payables from uncompleted contracts on securities dealing at end of the quarter.

Consolidated Statement of Cash Flows

Net cash from operating activities increased from \$2.92 million in 1Q19 to \$8.03 million in 1Q20. This was due mainly to higher cash generated from operating activities in the quarter and favourable working capital movement resulting from receipts of amounts funded for some clients trade with cross-month settlement at the end of 2019 in January 2020.

Net cash used in investing activities increased from \$6.31 million in 1Q19 to \$10.32 million in 1Q20, due mainly to additional investments in an associate and additional investments in financial assets classified at FVTPL in the quarter.

Net cash used in financing activities decreased from \$24.78 million in 1Q19 to \$1.74 million in 1Q20, due mainly to repayments of some bank loans drawn down in the second half year of 2018 in 1Q19.

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 reported a record quarterly net profit of \$3.64 million in 1Q20, an increase of 126.8% compared to 1Q19. This was achieved on the back of a 25.3% YoY increase in net revenue, and a 41.5% YoY increase in gross revenue. The record high of both profit and revenue in 1Q20 was achieved despite a major sell-off in financial markets globally during the quarter.

The Group's AUA declined 4.6% to \$9.54 billion during the quarter. Considering the extent of the sell-down in global financial markets, the quantum of the decline in AUA was not huge. This was because in 1Q2020, the Group saw a record quarterly net inflows of \$590 million in client assets on the Group's platforms.

The global economic crisis resulting from Covid-19 has negatively affected many businesses globally. For the Group, the negative impact has so far been manageable as the Group is able to do most of its business digitally.

In Singapore, the Group's B2C division (FSMOne) has just started on a close-to-100% work-from-home policy given the current elevated Covid-19 mitigation responses in the country (circuit breaker period). For the Singapore office as a whole, there is a 90% work-from-home policy during this circuit breaker period. The Group's services however remain essentially fully operational.

In the Group's other markets in Hong Kong, Malaysia, China and India, there have been varying degrees of work-from-home policy, but there has been no disruption in the services offered to our clients.

The Group's financial performance for the rest of this year partly will depend on how the Covid-19 situation develops, including the impact on the global financial markets. As at 22 April 2020, the Group has regained the \$10 billion AUA milestone clocked up at the end of 2019.

Barring a substantial worsening of the global financial markets from the current levels, the Group expects the full year 2020 performance to show higher profits and revenues compared to 2019.

In the medium to long term, the Covid-19 crisis is expected to lead to an acceleration of the pace of digitalisation of financial services, and the pace of adoption of Fintech services by consumers. As a leading Fintech wealth management in Asia, the Group expects that it will be less adversely impacted than the general economy, and may see positive outcomes, due to our online-based 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 5 June 2020.

(d) Record date

The Register of Members and Share Transfer Books of the Company will be closed on 27 May 2020 for the preparation of dividend warrants to the first interim dividend. Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5.00 p.m. on 26 May 2020 ("Record Date") by the Company's Singapore Share Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00, Singapore 068898 will be registered to determine Members' entitlements to the first interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares in the Company as at 5.00 p.m. on the Record Date will be entitled to the first interim dividend.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT Mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions.

14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual.

The directors of the Company confirm that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the financial results for the quarter ended 31 March 2020 to be false or misleading in any material aspect.

15. 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).

16. Use of proceeds from the Company’s initial public offering.

The Company refers to the net proceeds of \$48.0 million (excluding share issuance expenses of \$2.4 million and IPO-related expenses of \$1.95 million) raised from the IPO on the SGX-ST on 11 December 2014 and the Company’s re-allocation of the net IPO proceeds announced on 27 October 2018. The following table sets out our use of the net IPO proceeds up to 31 March 2020.

	Allocation of IPO proceeds	Amount reallocated on 26 October 2018	IPO proceeds utilised as at 31 March 2020	Balance of IPO proceeds
Use of net proceeds	\$' million	\$' million	\$' million	\$' million
Mergers and acquisitions strategy	27.2	19.2	14.7	4.5
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	43.5	4.5

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 \$4.5 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.

BY ORDER OF THE BOARD

Leung Fung Yat, David
Chief Financial Officer
23 April 2020