

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

# iFAST

**iFAST Corporation Ltd.  
and its Subsidiaries**  
Company Registration No: 200007899C  
(Incorporated in the Republic of Singapore)

## **Unaudited Second Quarter and Half Year 2016 Financial Statements Announcement**

The initial public offering of shares and listing of iFAST Corporation Ltd. on the Main Board of the Singapore Exchange Securities Trading Limited was jointly sponsored by DBS Bank Ltd. and RHB Securities Singapore Pte. Ltd. (formerly known as DMG & Partners Securities Pte Ltd) as joint issue managers, bookrunners and underwriters (“Joint Issue Managers, Bookrunners and Underwriters”). The Joint Issue Managers, Bookrunners and Underwriters assume no responsibility for the contents of this announcement.

## Second Quarter 2016 Financial Statements and Dividend Announcement

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

#### Consolidated income statement for the second quarter and half year ended 30 June 2016

|  | 2Q16<br>\$'000 | Group<br>2Q15<br>\$'000 | Change<br>%   | 1H16<br>\$'000 | Group<br>1H15<br>\$'000 | Change<br>%   |
|--|----------------|-------------------------|---------------|----------------|-------------------------|---------------|
| Revenue  | 19,374         | 23,182                  | (16.4)        | 38,046         | 44,067                  | (13.7)        |
| Commission and fee paid or payable to third party financial advisers | (9,691)        | (11,801)                | (17.9)        | (19,010)       | (22,829)                | (16.7)        |
|  | <b>9,683</b>   | <b>11,381</b>           | <b>(14.9)</b> | <b>19,036</b>  | <b>21,238</b>           | <b>(10.4)</b> |
| Other operating income   | 297            | 336                     | (11.6)        | 1,102          | 817                     | 34.9          |
| Depreciation of plant and equipment                                  | (389)          | (232)                   | 67.7          | (776)          | (448)                   | 73.2          |
| Amortisation of intangible assets                                    | (357)          | (85)                    | 320.0         | (585)          | (147)                   | 298.0         |
| Staff costs  | (4,756)        | (4,571)                 | 4.0           | (9,312)        | (8,518)                 | 9.3           |
| Other operating expenses   | (3,370)        | (3,424)                 | (1.6)         | (7,174)        | (6,380)                 | 12.4          |
| <b>Results from operating activities</b>                             | <b>1,108</b>   | <b>3,405</b>            | <b>(67.5)</b> | <b>2,291</b>   | <b>6,562</b>            | <b>(65.1)</b> |
| Finance income   | 205            | 211                     | (2.8)         | 454            | 293                     | 54.9          |
| Finance cost   | (1)            | -                       | NM            | (1)            | -                       | NM            |
| Net finance income   | 204            | 211                     | (3.3)         | 453            | 293                     | 54.6          |
| Share of result of associates, net of tax                            | (47)           | (8)                     | 487.5         | (51)           | (26)                    | 96.2          |
| <b>Profit before tax</b>   | <b>1,265</b>   | <b>3,608</b>            | <b>(64.9)</b> | <b>2,693</b>   | <b>6,829</b>            | <b>(60.6)</b> |
| Tax expense  | (128)          | (324)                   | (60.5)        | (305)          | (537)                   | (43.2)        |
| <b>Profit for the period</b>   | <b>1,137</b>   | <b>3,284</b>            | <b>(65.4)</b> | <b>2,388</b>   | <b>6,292</b>            | <b>(62.0)</b> |
| <b>Profit attributable to:</b>                                       |                |                         |               |                |                         |               |
| <b>Owners of the Company</b>   | <b>1,143</b>   | <b>3,284</b>            | <b>(65.2)</b> | <b>2,394</b>   | <b>6,292</b>            | <b>(62.0)</b> |
| Non-controlling interests  | (6)            | -                       | NM            | (6)            | -                       | NM            |
| <b>Profit for the period</b>   | <b>1,137</b>   | <b>3,284</b>            | <b>(65.4)</b> | <b>2,388</b>   | <b>6,292</b>            | <b>(62.0)</b> |

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 second quarter and half year ended 30 June 2016**

|  | 2Q16<br>\$'000 | Group<br>2Q15<br>\$'000 | Change<br>%   | 1H16<br>\$'000 | Group<br>1H15<br>\$'000 | Change<br>%   |
|--|----------------|-------------------------|---------------|----------------|-------------------------|---------------|
| <b>Profit for the period</b>   | 1,137          | 3,284                   | (65.4)        | 2,388          | 6,292                   | (62.0)        |
| <b>Other comprehensive income</b>  |                |                         |               |                |                         |               |
| <b>Items that are or may be reclassified subsequently to profit or loss:</b>                   |                |                         |               |                |                         |               |
| Net change in fair value of available-for-sale financial assets                                | 268            | (228)                   | NM            | (81)           | 178                     | NM            |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | (95)           | (109)                   | (12.8)        | (141)          | (220)                   | (35.9)        |
| Foreign currency translation differences for foreign operations                                | (142)          | (265)                   | (46.4)        | (648)          | (73)                    | 787.7         |
| Other comprehensive income for the period, net of tax  | 31             | (602)                   | NM            | (870)          | (115)                   | 656.5         |
| <b>Total comprehensive income for the period</b>   | <b>1,168</b>   | <b>2,682</b>            | <b>(56.5)</b> | <b>1,518</b>   | <b>6,177</b>            | <b>(75.4)</b> |
| <b>Attributable to:</b>  |                |                         |               |                |                         |               |
| <b>Owners of the Company</b>   | 1,177          | 2,682                   | (56.1)        | 1,527          | 6,177                   | (75.3)        |
| Non-controlling interests  | (9)            | -                       | NM            | (9)            | -                       | NM            |
| <b>Total comprehensive income for the period</b>   | <b>1,168</b>   | <b>2,682</b>            | <b>(56.5)</b> | <b>1,518</b>   | <b>6,177</b>            | <b>(75.4)</b> |

NM denotes not meaningful.

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

|   | 2Q16<br>\$'000 | Group<br>2Q15<br>\$'000 | Change<br>% | 1H16<br>\$'000 | Group<br>1H15<br>\$'000 | Change<br>% |
|---|----------------|-------------------------|-------------|----------------|-------------------------|-------------|
| <u>Profit for the period is arrived at after charging / (crediting) the following:</u>  |                |                         |             |                |                         |             |
| Other operating income  |                |                         |             |                |                         |             |
| - Investment income   | (263)          | (299)                   | (12.0)      | (496)          | (656)                   | (24.4)      |
| - Government grant  | (30)           | -                       | NM          | (212)          | (99)                    | 114.1       |
| - Gain on acquisition of a subsidiary   | -              | -                       | NM          | (262)          | -                       | NM          |
| - Miscellaneous income  | (4)            | (37)                    | (89.2)      | (132)          | (62)                    | 112.9       |
|   | (297)          | (336)                   | (11.6)      | (1,102)        | (817)                   | 34.9        |
| Interest income   |                |                         |             |                |                         |             |
| - from cash and cash equivalents  | (79)           | (85)                    | (7.1)       | (191)          | (132)                   | 44.7        |
| - from investment in financial assets   | (126)          | (126)                   | -           | (263)          | (161)                   | 63.4        |
|   | (205)          | (211)                   | (2.8)       | (454)          | (293)                   | 54.9        |
| Operating lease expense   | 1,239          | 1,305                   | (5.1)       | 2,760          | 2,589                   | 6.6         |
| Unrealised exchange loss, net   | 86             | 108                     | (20.4)      | 350            | 71                      | 393.0       |
| Equity-settled share-based payment transactions, included in staff costs  | 501            | 372                     | 34.7        | 880            | 556                     | 58.3        |
| Equity-settled share-based payment transactions, included in commission and fee paid or payable to third party financial advisers | 83             | -                       | NM          | 166            | -                       | NM          |
| Gain on disposal of plant and equipment   | -              | -                       | NM          | -              | (1)                     | 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<br>As at      |                     | Company<br>As at    |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 30-Jun-16<br>\$'000 | 31-Dec-15<br>\$'000 | 30-Jun-16<br>\$'000 | 31-Dec-15<br>\$'000 |
| <b>Assets</b>   |                     |                     |                     |                     |
| Plant and equipment                                     | 2,327               | 2,438               | 69                  | 78                  |
| Intangible assets                                       | 7,959               | 5,163               | 5,189               | 3,882               |
| Subsidiaries  | -                   | -                   | 47,808              | 44,292              |
| Associates  | 1,584               | 362                 | 1,673               | 400                 |
| Prepayments   | 333                 | 499                 | -                   | -                   |
| Deferred tax assets                                     | -                   | 4                   | -                   | -                   |
| Club membership   | 11                  | 11                  | 11                  | 11                  |
| <b>Total non-current assets</b>                         | <b>12,214</b>       | <b>8,477</b>        | <b>54,750</b>       | <b>48,663</b>       |
| Current tax receivable                                  | 76                  | 58                  | -                   | -                   |
| Other investments                                       | 29,982              | 31,964              | 29,982              | 31,964              |
| Trade and other receivables                             | 18,737              | 19,877              | 794                 | 1,684               |
| Prepayments   | 1,260               | 1,384               | 69                  | 160                 |
| Cash at bank and in hand                                | 26,820              | 28,075              | 7,837               | 6,974               |
| Money market funds                                      | 1,277               | 1,445               | -                   | -                   |
| <b>Total current assets</b>                             | <b>78,152</b>       | <b>82,803</b>       | <b>38,682</b>       | <b>40,782</b>       |
| <b>Held under trust</b>                                 |                     |                     |                     |                     |
| Client bank accounts                                    | 141,613             | 114,731             | -                   | -                   |
| Client ledger balances                                  | (141,613)           | (114,731)           | -                   | -                   |
|   | -                   | -                   | -                   | -                   |
| <b>Total assets</b>                                     | <b>90,366</b>       | <b>91,280</b>       | <b>93,432</b>       | <b>89,445</b>       |
| <b>Equity</b>   |                     |                     |                     |                     |
| Share capital   | 62,626              | 62,546              | 62,626              | 62,546              |
| Reserves  | 14,220              | 14,013              | 19,453              | 17,022              |
| <b>Equity attributable to owners<br/>of the Company</b> | <b>76,846</b>       | <b>76,559</b>       | <b>82,079</b>       | <b>79,568</b>       |
| Non-controlling interests                               | 254                 | -                   | -                   | -                   |
| <b>Total equity</b>                                     | <b>77,100</b>       | <b>76,559</b>       | <b>82,079</b>       | <b>79,568</b>       |
| <b>Liabilities</b>                                      |                     |                     |                     |                     |
| Deferred tax liabilities                                | 222                 | 239                 | -                   | -                   |
| Finance lease liabilities                               | 21                  | -                   | -                   | -                   |
| <b>Total non-current liabilities</b>                    | <b>243</b>          | <b>239</b>          | <b>-</b>            | <b>-</b>            |
| Trade and other payables                                | 12,417              | 13,837              | 11,353              | 9,877               |
| Finance lease liabilities                               | 4                   | -                   | -                   | -                   |
| Current tax payable                                     | 602                 | 645                 | -                   | -                   |
| <b>Total current liabilities</b>                        | <b>13,023</b>       | <b>14,482</b>       | <b>11,353</b>       | <b>9,877</b>        |
| <b>Total liabilities</b>                                | <b>13,266</b>       | <b>14,721</b>       | <b>11,353</b>       | <b>9,877</b>        |
| <b>Total equity and liabilities</b>                     | <b>90,366</b>       | <b>91,280</b>       | <b>93,432</b>       | <b>89,445</b>       |

## 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<br>30-Jun-16<br>\$'000 |           | As at<br>31-Dec-15<br>\$'000 |           |
|                           | Secured                      | Unsecured | Secured                      | Unsecured |
| Finance lease liabilities | 4                            | -         | -                            | -         |

### Amount repayable after one year

|                           | Group                        |           |                              |           |
|---------------------------|------------------------------|-----------|------------------------------|-----------|
|                           | As at<br>30-Jun-16<br>\$'000 |           | As at<br>31-Dec-15<br>\$'000 |           |
|                           | Secured                      | Unsecured | Secured                      | Unsecured |
| Finance lease liabilities | 21                           | -         | -                            | -         |

### Details of any collateral

The finance lease liabilities as at 30 June 2016 are secured by the leased assets.

**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          |                 |
|--|----------------|----------------|----------------|-----------------|
|  | 2Q16<br>\$'000 | 2Q15<br>\$'000 | 1H16<br>\$'000 | 1H15<br>\$'000  |
| <b>Cash flows from operating activities</b>                            |                |                |                |                 |
| Profit for the period  | 1,137          | 3,284          | 2,388          | 6,292           |
| Adjustments for:   |                |                |                |                 |
| Depreciation of plant and equipment                                    | 389            | 232            | 776            | 448             |
| Amortisation of intangible assets                                      | 357            | 85             | 585            | 147             |
| Equity-settled share-based payment transactions                        | 584            | 372            | 1,046          | 556             |
| Dividend income on investment in financial assets                      | (163)          | (190)          | (345)          | (436)           |
| Gain on redemption of investment in financial assets                   | (95)           | (109)          | (141)          | (220)           |
| Share of result of associates, net of tax                              | 47             | 8              | 51             | 26              |
| Dividend income on investment in associate                             | (5)            | (5)            | (10)           | (10)            |
| Unrealised exchange loss, net  | 86             | 108            | 350            | 71              |
| Gain on disposal of plant and equipment                                | -              | -              | -              | (1)             |
| Gain on acquisition of a subsidiary                                    | -              | -              | (262)          | -               |
| Finance income   | (205)          | (211)          | (454)          | (293)           |
| Finance cost   | 1              | -              | 1              | -               |
| Tax expense  | 128            | 324            | 305            | 537             |
|  | <u>2,261</u>   | <u>3,898</u>   | <u>4,290</u>   | <u>7,117</u>    |
| Change in trade and other receivables                                  | 726            | (1,711)        | 807            | (638)           |
| Change in trade and other payables                                     | 353            | 994            | (2,148)        | (352)           |
| <b>Cash generated from operations</b>                                  | <b>3,340</b>   | <b>3,181</b>   | <b>2,949</b>   | <b>6,127</b>    |
| Tax paid   | (286)          | (172)          | (379)          | (110)           |
| Interest received  | 255            | 110            | 506            | 157             |
| <b>Net cash from operating activities</b>                              | <b>3,309</b>   | <b>3,119</b>   | <b>3,076</b>   | <b>6,174</b>    |
| <b>Cash flows from investing activities</b>                            |                |                |                |                 |
| Purchase of plant and equipment  | (310)          | (313)          | (692)          | (394)           |
| Purchase of intangible assets  | (1,141)        | (710)          | (2,174)        | (1,567)         |
| Proceeds from disposal of plant and equipment                          | -              | -              | -              | 1               |
| Acquisition of associates  | (1,273)        | -              | (1,273)        | -               |
| Dividend from associate  | -              | -              | 10             | -               |
| Purchase of investment in financial assets                             | (12,716)       | (9,202)        | (17,081)       | (33,447)        |
| Proceeds from redemption of investment in financial assets             | 15,158         | 11,628         | 20,071         | 18,987          |
| Dividends received from investment in financial assets                 | 5              | -              | 18             | -               |
| Acquisition of subsidiary, net of cash acquired                        | -              | -              | (1,013)        | -               |
| <b>Net cash (used in)/ from investing activities</b>                   | <b>(277)</b>   | <b>1,403</b>   | <b>(2,134)</b> | <b>(16,420)</b> |
| <b>Cash flows from financing activities</b>                            |                |                |                |                 |
| Proceeds from issue of shares, net                                     | -              | -              | -              | 3,007           |
| Proceeds from exercise of share options                                | 47             | 100            | 80             | 197             |
| Purchase of treasury shares  | (616)          | -              | (616)          | -               |
| Proceeds from shares issued to non-controlling interests of subsidiary | 2,414          | -              | 2,414          | -               |
| Repayment of finance lease liabilities                                 | (1)            | -              | (1)            | -               |
| Dividends paid to owners of the Company                                | (3,735)        | (3,537)        | (3,735)        | (3,537)         |
| <b>Net cash used in financing activities</b>                           | <b>(1,891)</b> | <b>(3,437)</b> | <b>(1,858)</b> | <b>(333)</b>    |
| <b>Net increase / (decrease) in cash and cash equivalents</b>          | <b>1,141</b>   | <b>1,085</b>   | <b>(916)</b>   | <b>(10,579)</b> |
| Cash and cash equivalents at beginning of the period                   | 27,128         | 23,750         | 29,520         | 35,388          |
| Effect of exchange rate fluctuations on cash held                      | (172)          | (263)          | (507)          | (237)           |
| <b>Cash and cash equivalents at end of the period</b>                  | <b>28,097</b>  | <b>24,572</b>  | <b>28,097</b>  | <b>24,572</b>   |

**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   | 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 |         |                           |              |
| \$'000   | \$'000                                | \$'000             | \$'000                               | \$'000               | \$'000                    | \$'000         | \$'000                 | \$'000              | \$'000  | \$'000                    |              |
| At 1 January 2016  | 62,546                                | (833)              | (606)                                | 1,306                | 826                       | (4,161)        | -                      | 17,481              | 76,559  | -                         | 76,559       |
| <b>Total comprehensive income for the period</b>   |                                       |                    |                                      |                      |                           |                |                        |                     |         |                           |              |
| Profit / (Loss) for the period   | -                                     | -                  | -                                    | -                    | -                         | -              | -                      | 2,394               | 2,394   | (6)                       | 2,388        |
| <b>Other comprehensive income</b>  |                                       |                    |                                      |                      |                           |                |                        |                     |         |                           |              |
| Net change in fair value of available-for-sale financial assets                                | -                                     | (81)               | -                                    | -                    | -                         | -              | -                      | -                   | (81)    | -                         | (81)         |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | -                                     | (141)              | -                                    | -                    | -                         | -              | -                      | -                   | (141)   | -                         | (141)        |
| Foreign currency translation differences for foreign operations                                | -                                     | -                  | (645)                                | -                    | -                         | -              | -                      | -                   | (645)   | (3)                       | (648)        |
| Total other comprehensive income   | -                                     | (222)              | (645)                                | -                    | -                         | -              | -                      | -                   | (867)   | (3)                       | (870)        |
| <b>Total comprehensive income for the period</b>   | -                                     | (222)              | (645)                                | -                    | -                         | -              | -                      | 2,394               | 1,527   | (9)                       | 1,518        |
| <b>Transactions with owners, recorded directly in equity</b>                                   |                                       |                    |                                      |                      |                           |                |                        |                     |         |                           |              |
| <b>Contributions by and distributions to owners</b>  |                                       |                    |                                      |                      |                           |                |                        |                     |         |                           |              |
| Share options exercised  | 80                                    | -                  | -                                    | -                    | -                         | -              | -                      | -                   | 80      | -                         | 80           |
| Purchase of treasury shares  | -                                     | -                  | -                                    | -                    | -                         | -              | (616)                  | -                   | (616)   | -                         | (616)        |
| One-tier tax-exempt 2015 final dividend paid of 0.75 cents per share                           | -                                     | -                  | -                                    | -                    | -                         | -              | -                      | (1,959)             | (1,959) | -                         | (1,959)      |
| One-tier tax-exempt interim dividend paid of 0.68 cents per share                              | -                                     | -                  | -                                    | -                    | -                         | -              | -                      | (1,776)             | (1,776) | -                         | (1,776)      |
| Equity-settled share-based payment transactions  | -                                     | -                  | -                                    | 191                  | 689                       | -              | -                      | -                   | 880     | -                         | 880          |
| Total contributions by and distribution to owners  | 80                                    | -                  | -                                    | 191                  | 689                       | -              | (616)                  | (3,735)             | (3,391) | -                         | (3,391)      |
| <b>Changes in ownership interests in subsidiaries</b>  |                                       |                    |                                      |                      |                           |                |                        |                     |         |                           |              |
| Issue of shares to non-controlling interests of a subsidiary                                   | -                                     | -                  | -                                    | -                    | -                         | 2,151          | -                      | -                   | 2,151   | 263                       | 2,414        |
| Total changes in ownership interests in subsidiaries   | -                                     | -                  | -                                    | -                    | -                         | 2,151          | -                      | -                   | 2,151   | 263                       | 2,414        |
| <b>Total transactions with owners</b>  | 80                                    | -                  | -                                    | 191                  | 689                       | 2,151          | (616)                  | (3,735)             | (1,240) | 263                       | (977)        |
| At 30 June 2016  | 62,626                                | (1,055)            | (1,251)                              | 1,497                | 1,515                     | (2,010)        | (616)                  | 16,140              | 76,846  | 254                       | 77,100       |



**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 2015  | 58,342                                | 24                 | (682)                                | 916                  | -                         | (4,161)        | -                      | 12,466              | 66,905  | - | 66,905                    |              |
| <b>Total comprehensive income for the period</b>   |                                       |                    |                                      |                      |                           |                |                        |                     |         |   |                           |              |
| Profit for the period  | -                                     | -                  | -                                    | -                    | -                         | -              | -                      | 6,292               | 6,292   | - | 6,292                     |              |
| <b>Other comprehensive income</b>  |                                       |                    |                                      |                      |                           |                |                        |                     |         |   |                           |              |
| Net change in fair value of available-for-sale financial assets                                | -                                     | 178                | -                                    | -                    | -                         | -              | -                      | -                   | 178     | - | 178                       |              |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | -                                     | (220)              | -                                    | -                    | -                         | -              | -                      | -                   | (220)   | - | (220)                     |              |
| Foreign currency translation differences for foreign operations                                | -                                     | -                  | (73)                                 | -                    | -                         | -              | -                      | -                   | (73)    | - | (73)                      |              |
| Total other comprehensive income   | -                                     | (42)               | (73)                                 | -                    | -                         | -              | -                      | -                   | (115)   | - | (115)                     |              |
| <b>Total comprehensive income for the period</b>   | -                                     | (42)               | (73)                                 | -                    | -                         | -              | -                      | 6,292               | 6,177   | - | 6,177                     |              |
| <b>Transactions with owners, recorded directly in equity</b>                                   |                                       |                    |                                      |                      |                           |                |                        |                     |         |   |                           |              |
| <b>Contributions by and distributions to owners</b>  |                                       |                    |                                      |                      |                           |                |                        |                     |         |   |                           |              |
| Share options exercised  | 197                                   | -                  | -                                    | -                    | -                         | -              | -                      | -                   | 197     | - | 197                       |              |
| Issue of ordinary shares   | 3,116                                 | -                  | -                                    | -                    | -                         | -              | -                      | -                   | 3,116   | - | 3,116                     |              |
| Share issuance expenses  | (109)                                 | -                  | -                                    | -                    | -                         | -              | -                      | -                   | (109)   | - | (109)                     |              |
| One-tier tax-exempt 2014 final dividend paid of 0.68 cents per share                           | -                                     | -                  | -                                    | -                    | -                         | -              | -                      | (1,768)             | (1,768) | - | (1,768)                   |              |
| One-tier tax-exempt interim dividend paid of 0.68 cents per share                              | -                                     | -                  | -                                    | -                    | -                         | -              | -                      | (1,769)             | (1,769) | - | (1,769)                   |              |
| Equity-settled share-based payment transactions  | -                                     | -                  | -                                    | 205                  | 351                       | -              | -                      | -                   | 556     | - | 556                       |              |
| Total contributions by and distribution to owners  | 3,204                                 | -                  | -                                    | 205                  | 351                       | -              | -                      | (3,537)             | 223     | - | 223                       |              |
| <b>Total transactions with owners</b>  | 3,204                                 | -                  | -                                    | 205                  | 351                       | -              | -                      | (3,537)             | 223     | - | 223                       |              |
| At 30 June 2015  | 61,546                                | (18)               | (755)                                | 1,121                | 351                       | (4,161)        | -                      | 15,221              | 73,305  | - | 73,305                    |              |

**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              |              |
| <b>At 1 January 2016</b>   | 62,546                                | (833)              | 1,306                | 826                       | -                      | 15,723              | 79,568       |
| <b>Total comprehensive income for the period</b>   |                                       |                    |                      |                           |                        |                     |              |
| Profit for the period  | -                                     | -                  | -                    | -                         | -                      | 6,124               | 6,124        |
| <b>Other comprehensive income</b>  |                                       |                    |                      |                           |                        |                     |              |
| Net change in fair value of available-for-sale financial assets                                | -                                     | (81)               | -                    | -                         | -                      | -                   | (81)         |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | -                                     | (141)              | -                    | -                         | -                      | -                   | (141)        |
| Total other comprehensive income   | -                                     | (222)              | -                    | -                         | -                      | -                   | (222)        |
| <b>Total comprehensive income for the period</b>   | -                                     | (222)              | -                    | -                         | -                      | 6,124               | 5,902        |
| <b>Transactions with owners, recorded directly in equity</b>                                   |                                       |                    |                      |                           |                        |                     |              |
| <b>Contributions by and distributions to owners</b>  |                                       |                    |                      |                           |                        |                     |              |
| Share options exercised  | 80                                    | -                  | -                    | -                         | -                      | -                   | 80           |
| Purchase of treasury shares  | -                                     | -                  | -                    | -                         | (616)                  | -                   | (616)        |
| One-tier tax-exempt 2015 final dividend paid of 0.75 cents per share                           | -                                     | -                  | -                    | -                         | -                      | (1,959)             | (1,959)      |
| One-tier tax-exempt interim dividend paid of 0.68 cents per share                              | -                                     | -                  | -                    | -                         | -                      | (1,776)             | (1,776)      |
| Equity-settled share-based payment transactions  | -                                     | -                  | 191                  | 689                       | -                      | -                   | 880          |
| Total contributions by and distribution to owners  | 80                                    | -                  | 191                  | 689                       | (616)                  | (3,735)             | (3,391)      |
| <b>Total transactions with owners</b>  | 80                                    | -                  | 191                  | 689                       | (616)                  | (3,735)             | (3,391)      |
| <b>At 30 June 2016</b>   | 62,626                                | (1,055)            | 1,497                | 1,515                     | (616)                  | 18,112              | 82,079       |

**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              |               |
| <b>At 1 January 2015</b>   | <b>58,342</b>                         | <b>24</b>          | <b>916</b>           | <b>-</b>                  | <b>-</b>               | <b>18,702</b>       | <b>77,984</b> |
| <b>Total comprehensive income for the period</b>   |                                       |                    |                      |                           |                        |                     |               |
| Profit for the period  | -                                     | -                  | -                    | -                         | -                      | 1,841               | 1,841         |
| <b>Other comprehensive income</b>  |                                       |                    |                      |                           |                        |                     |               |
| Net change in fair value of available-for-sale financial assets                                | -                                     | 178                | -                    | -                         | -                      | -                   | 178           |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | -                                     | (220)              | -                    | -                         | -                      | -                   | (220)         |
| Total other comprehensive income   | -                                     | (42)               | -                    | -                         | -                      | -                   | (42)          |
| <b>Total comprehensive income for the period</b>   | <b>-</b>                              | <b>(42)</b>        | <b>-</b>             | <b>-</b>                  | <b>-</b>               | <b>1,841</b>        | <b>1,799</b>  |
| <b>Transactions with owners, recorded directly in equity</b>                                   |                                       |                    |                      |                           |                        |                     |               |
| <b>Contributions by and distributions to owners</b>  |                                       |                    |                      |                           |                        |                     |               |
| Share options exercised  | 197                                   | -                  | -                    | -                         | -                      | -                   | 197           |
| Issue of ordinary shares   | 3,116                                 | -                  | -                    | -                         | -                      | -                   | 3,116         |
| Share issuance expenses  | (109)                                 | -                  | -                    | -                         | -                      | -                   | (109)         |
| One-tier tax-exempt 2014 final dividend paid of 0.68 cents per share                           | -                                     | -                  | -                    | -                         | -                      | (1,768)             | (1,768)       |
| One-tier tax-exempt interim dividend paid of 0.68 cents per share                              | -                                     | -                  | -                    | -                         | -                      | (1,769)             | (1,769)       |
| Equity-settled share-based payment transactions  | -                                     | -                  | 205                  | 351                       | -                      | -                   | 556           |
| Total contributions by and distribution to owners  | <b>3,204</b>                          | <b>-</b>           | <b>205</b>           | <b>351</b>                | <b>-</b>               | <b>(3,537)</b>      | <b>223</b>    |
| <b>Total transactions with owners</b>  | <b>3,204</b>                          | <b>-</b>           | <b>205</b>           | <b>351</b>                | <b>-</b>               | <b>(3,537)</b>      | <b>223</b>    |
| <b>At 30 June 2015</b>   | <b>61,546</b>                         | <b>(18)</b>        | <b>1,121</b>         | <b>351</b>                | <b>-</b>               | <b>17,006</b>       | <b>80,006</b> |

**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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

The number of shares in issue in the Company as at 30 June 2016 excluding treasury shares was 260,684,101 ordinary shares (31 March 2016: 261,057,801 ordinary shares). The movements in the Company's share capital during the second quarter ended 30 June 2016 were as follows:

|                             | <b>Number of ordinary shares</b> |
|-----------------------------|----------------------------------|
| As at 1 April 2016          | 261,057,801                      |
| Exercise of share options   | 192,000                          |
| Purchase of treasury shares | (565,700)                        |
| As at 30 June 2016          | <u><u>260,684,101</u></u>        |

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

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

|                       | <b>Number of share options</b> |
|-----------------------|--------------------------------|
| As at 1 April 2016    | 11,383,846                     |
| Share options granted | -                              |
| Exercised             | (192,000)                      |
| Forfeited             | (30,600)                       |
| As at 30 June 2016    | <u><u>11,161,246</u></u>       |

As at 30 June 2016, the number of outstanding share options under the iFAST SOS was 11,161,246 (30 June 2015: 12,214,396).

#### iFAST Corporation Performance Share Plan ("iFAST PSP")

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

|   | <b>Number of performance shares</b> |
|---|-------------------------------------|
| As at 1 April 2016                        | 3,133,100                           |
| Performance shares granted but not vested | 173,200                             |
| Vested                                    | -                                   |
| Forfeited                                 | (49,800)                            |
| As at 30 June 2016                        | <u><u>3,256,500</u></u>             |

On 1 May 2016, the Company granted the share awards pursuant to the iFAST PSP. As at 30 June 2016, the number of outstanding performance shares granted but not vested under the iFAST PSP was 3,256,500 (30 June 2015: 2,000,500).

#### Treasury shares

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

|  | Number of<br>treasury shares |
|--|------------------------------|
| As at 1 April 2016                         | -                            |
| Purchased by way of on-market acquisition  | 565,700                      |
| Purchased by way of off-market acquisition | -                            |
| Re-issued                                  | -                            |
| As at 30 June 2016                         | <u>565,700</u>               |

During 2Q16, the Company acquired 565,700 (2Q15: Nil) ordinary shares in the Company by way of on-market purchases. As at 30 June 2016, 565,700 (30 June 2015: Nil) treasury shares were held by the Company that may be re-issued upon the exercise of options under the iFAST SOS and upon the vesting of performance shares under the iFAST PSP.

**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<br>30-Jun-16 | As at<br>31-Dec-15 |
|---|--------------------|--------------------|
| Total number of issued shares excluding treasury shares | <u>260,684,101</u> | <u>260,977,301</u> |

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

There were no sales, transfer, disposal, cancellation and/or use of treasury shares as at 30 June 2016.

**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 the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual period 1 January 2016. The adoption of these FRSs and INT FRSs 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.**

|  | 2Q16        | 2Q15        | 1H16        | 1H15        |
|--|-------------|-------------|-------------|-------------|
| (i) Based on weighted average number of ordinary shares on issue |             |             |             |             |
| - Weighted average number of ordinary shares                     | 260,952,801 | 260,112,134 | 260,994,634 | 259,951,462 |
| Basic earnings per share (cents)                                 | 0.44        | 1.26        | 0.92        | 2.42        |
| (ii) On a fully diluted basis of ordinary shares                 |             |             |             |             |
| - Adjusted weighted average number of ordinary shares            | 267,870,168 | 269,897,596 | 268,338,859 | 269,829,476 |
| Diluted earnings per share (cents)                               | 0.43        | 1.22        | 0.89        | 2.33        |

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

|  | Group     |           | Company   |           |
|--|-----------|-----------|-----------|-----------|
|  | 30-Jun-16 | 31-Dec-15 | 30-Jun-16 | 31-Dec-15 |
| Net asset value per ordinary share (cents) | 29.48     | 29.34     | 31.49     | 30.49     |

**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 Group reported revenue of \$19.37 million for the second quarter ended 30 June 2016 ("2Q16"), a fall of 16.4% from \$23.18 million for the second quarter last year ("2Q15"). Revenue of \$38.05 million for the financial period ended 30 June 2016 ("1H16") was 13.7% lower than the same period last year ("1H15"). The decline was mainly due to the combined effects of negative market sentiment in the period following the stark sell-off in global financial markets at the beginning of 2016 and a negative market reaction to the Brexit in June 2016. The Asia ex-Japan market dropped by more than 30.0% from 1H15 and hit its 5-year lows in 1H16.

Breaking down by geographical segment, Singapore operation is still the major contributor of the Group's revenue. Although the revenue in Singapore decreased by 15.3% year-on-year ("YoY") in 2Q16 and 12.8% YoY in 1H16, the bonds sale subscription amounts including transfer-in amounts increased significantly by 110.0% from \$13.55 million in 1Q16 to \$28.46 million in 2Q16. The online bonds distribution business was launched on Singapore platforms in 2Q15.

In Malaysia, the volatile market sentiment in 2Q16 resulted in a YoY decrease in transaction income as a result of decreased investment subscription from customers in the second quarter. The decrease was offset by a YoY increase in earnings driven by Asset Under Administration ("AUA"). The average AUA of Malaysia operation grew 31.3% YoY in 1H16. It contributed to an increase by 13.0% YoY in revenue in 1H16.

In Hong Kong, the revenue decreased by 27.6% YoY in 2Q16 and 23.1% YoY in 1H16. The decline was mainly due to the weak investment appetite of customers in equity markets in China/Hong Kong in the period and the adverse impact of the suspension of Capital Investment Entrant Scheme ("CIES") in 2015.

Following the soft launch of our China business in March 2016, China operation started to work with an online media company in China by launching transactional capabilities for their customers to transact into investment products in 2Q16. As part of our B2B strategy in China, we have recruited a number of wealth advisers under our 'platform-cum-IFA incubator' strategy that will empower them to pursue their wealth advisory business through provision of platforms and supports. China operation has contributed revenue of \$0.24 million to the Group in 2Q16.

|           | Group          |                |               | Group          |                |               |
|-----------|----------------|----------------|---------------|----------------|----------------|---------------|
|           | 2Q16<br>\$'000 | 2Q15<br>\$'000 | Change<br>%   | 1H16<br>\$'000 | 1H15<br>\$'000 | Change<br>%   |
| Singapore | 14,168         | 16,737         | (15.3)        | 27,601         | 31,667         | (12.8)        |
| Hong Kong | 3,896          | 5,379          | (27.6)        | 8,101          | 10,537         | (23.1)        |
| Malaysia  | 1,075          | 1,066          | 0.8           | 2,106          | 1,863          | 13.0          |
| China     | 235            | -              | NM            | 238            | -              | NM            |
|           | <u>19,374</u>  | <u>23,182</u>  | <u>(16.4)</u> | <u>38,046</u>  | <u>44,067</u>  | <u>(13.7)</u> |

NM denotes not meaningful.

#### Commission and fee paid or payable to third party financial advisers

Commission and fee paid or payable to third party financial advisers decreased by 17.9% from \$11.80 million in 2Q15 to \$9.69 million in 2Q16, and 16.7% from \$22.83 million in 1H15 to \$19.01 million in 1H16. The decrease was in line with the decrease 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 \$9.68 million for 2Q16 was 14.9% lower than 2Q15, and the net revenue of \$19.04 million for 1H16 was 10.4% lower than 1H15.

The following table shows the breakdown of the Group's net revenue, by recurring and non-recurring basis. For 2Q16, 87.0% of net revenue is derived from recurring net revenue and 13.0% is from non-recurring net revenue. For 1H16, 86.9% of net revenue is derived from recurring net revenue and 13.1% is from non-recurring net revenue.

|                           | Group          |                |             | Group          |                |             |
|---------------------------|----------------|----------------|-------------|----------------|----------------|-------------|
|                           | 2Q16<br>\$'000 | 2Q15<br>\$'000 | Change<br>% | 1H16<br>\$'000 | 1H15<br>\$'000 | Change<br>% |
| Recurring net revenue     | 8,423          | 9,426          | (10.6)      | 16,548         | 17,518         | (5.5)       |
| Non-recurring net revenue | 1,260          | 1,955          | (35.5)      | 2,488          | 3,720          | (33.1)      |
| Net revenue               | 9,683          | 11,381         | (14.9)      | 19,036         | 21,238         | (10.4)      |

Recurring net revenue is calculated based on a percentage of average AUA of Investment Products distributed on the Group's platforms, which comprises trailer fees, platform fees and wrap fees. The YoY decrease in recurring net revenue was due mainly to the YoY drop in the market value of AUA arising from the adverse market impact in the period, with the Asia ex-Japan market dropping by more than 30.0% from 1H15 and hitting its 5-year lows in 1H16. The average AUA of the Group had a value of approximately \$5.57 billion in 2Q16 (2Q15: \$5.78 billion) at a YoY fall of 3.8%, and the average AUA of the Group had a value of approximately \$5.52 billion in 1H16 (1H15: \$5.67 billion) at a YoY fall of 2.6%. However, compared to the average AUA of the Group amounting to approximately \$5.47 billion in 1Q16, the average AUA of the Group in 2Q16 grew by 1.8% quarter-on-quarter, largely due to net sales amounting to approximately \$54.0 million from customers in 2Q16.

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 financial advisory firms; and advertising fee earned from advertisements placed by third parties on iFAST websites and mobile applications. The YoY decrease in non-recurring net revenue was due mainly to a decrease in commission income as a result of relatively weak investment appetite of customers, due to the effects of negative market sentiment in the period.

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

|           | Group          |                |             | Group          |                |             |
|-----------|----------------|----------------|-------------|----------------|----------------|-------------|
|           | 2Q16<br>\$'000 | 2Q15<br>\$'000 | Change<br>% | 1H16<br>\$'000 | 1H15<br>\$'000 | Change<br>% |
| Singapore | 7,087          | 8,175          | (13.3)      | 13,841         | 15,278         | (9.4)       |
| Hong Kong | 2,037          | 2,714          | (24.9)      | 4,121          | 5,068          | (18.7)      |
| Malaysia  | 510            | 492            | 3.7         | 1,022          | 892            | 14.6        |
| China     | 49             | -              | NM          | 52             | -              | NM          |
|           | 9,683          | 11,381         | (14.9)      | 19,036         | 21,238         | (10.4)      |

NM denotes not meaningful.

#### Other operating income

Other operating income decreased by \$0.04 million or 11.6% from \$0.34 million in 2Q15 to \$0.30 million in 2Q16, due mainly to a lower investment income arising from the market impact in the period. However, other operating income still increased by \$0.28 million or 34.9% from \$0.82 million in 1H15 to \$1.10 million in 1H16, largely due to a gain of \$0.26 million recognised upon completing the acquisition of a stockbroking firm in Hong Kong, iFAST Securities (HK) Limited (formerly known as Winfield Securities Limited), in 1Q16.

#### Operating expenses

Excluding China operation, the Group's operating expenses increased by \$0.02 million or 0.2% from \$8.07 million in 2Q15 to \$8.09 million in 2Q16, and \$1.06 million or 7.0% from \$15.12 million in 1H15 to \$16.18 million in 1H16. The increase was in line with the Group's increased efforts in enhancing our platform capabilities including improving the range of investment products and services being provided to customers in the existing markets in the period.



For our China operation, the operating expenses increased by \$0.55 million or 224.8% from \$0.24 million in 2Q15 to \$0.79 million in 2Q16, and \$1.30 million or 345.7% from \$0.37 million in 1H15 to \$1.67 million in 1H16. The increase was due mainly to our continuous efforts in building our brand and business in the new China market, including setup of a second office in Shanghai and recruitments of wealth advisers, in the period.

Overall, the Group's total operating expenses increased by \$0.56 million or 6.7% from \$8.31 million in 2Q15 to \$8.87 million in 2Q16, and \$2.36 million or 15.2% from \$15.49 million in 1H15 to \$17.85 million in 1H16. The following table shows the breakdown of the Group's operating expenses by its existing markets and new China market.

|  | Group          |                |             | Group          |                |             |
|--|----------------|----------------|-------------|----------------|----------------|-------------|
|  | 2Q16<br>\$'000 | 2Q15<br>\$'000 | Change<br>% | 1H16<br>\$'000 | 1H15<br>\$'000 | Change<br>% |
| Operating expenses (excluding China operation) | 8,086          | 8,070          | 0.2         | 16,180         | 15,119         | 7.0         |
| Operating expenses in China operation          | 786            | 242            | 224.8       | 1,667          | 374            | 345.7       |
|  | <u>8,872</u>   | <u>8,312</u>   | <u>6.7</u>  | <u>17,847</u>  | <u>15,493</u>  | <u>15.2</u> |

Depreciation of plant and equipment increased by \$0.16 million or 67.7% from \$0.23 million in 2Q15 to \$0.39 million in 2Q16, and \$0.33 million or 73.2% from \$0.45 million in 1H15 to \$0.78 million in 1H16. Amortisation of intangible assets increased by \$0.27 million or 320.0% from \$0.09 million in 2Q15 to \$0.36 million in 2Q16, and \$0.44 million or 298.0% from \$0.15 million in 1H15 to \$0.59 million in 1H16. These were due mainly to additions of plant and equipment and intangible assets after 2Q15 to support our business expansion in the countries that the Group operates in and strengthen the capabilities of financial technologies ("FinTech") on our platforms.

Staff costs increased by \$0.19 million or 4.0% from \$4.57 million in 2Q15 to \$4.76 million in 2Q16 and \$0.79 million or 9.3% from \$8.52 million in 1H15 to \$9.31 million in 1H16, due mainly to the annual salary increment adjusted in January 2016, the increased number of staff (especially in China operation) and the increased equity-settled share-based payment transactions resulting from another batches of performance shares granted to the Group's employees in the period.

Other operating expenses decreased by \$0.05 million or 1.6% from \$3.42 million in 2Q15 to \$3.37 million in 2Q16, due mainly to decreases in some expense items which are associated to business transaction volumes in the quarter. However, other operating expenses still increased by \$0.79 million or 12.4% from \$6.38 million in 1H15 to \$7.17 million in 1H16, due mainly to increases in IT maintenance and services and higher unrealised exchange loss arising mainly from cash and cash equivalents and investments in financial assets in the period.

#### Finance income

Although there was no significant YoY change in finance income in the second quarter, finance income increased by \$0.16 million or 54.9% from \$0.29 million in 1H15 to \$0.45 million in 1H16. This was due mainly to higher average amount of investments in bonds in 1H16 compared to 1H15.

#### Finance cost

The finance cost relates to office equipments acquired under a finance lease in 2Q16.

### Share of result of associates, net of tax

The Group's share of loss after tax of associates increased by \$0.04 million or 487.5% from \$0.01 million in 2Q15 to \$0.05 million in 2Q16, and \$0.02 million or 96.2% from \$0.03 million in 1H15 to \$0.05 million in 1H16. This was due mainly to share of the loss of a newly-acquired associate, Pecuniam Pte Ltd ("Pecuniam"), in 2Q16. Pecuniam 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 14.28 billion (equivalent \$285.0 million) as at 30 June 2016, growing at a 5-year compound annual growth rate ("CAGR") of approximately 74.3%.

### Tax expense

Tax expense decreased by \$0.19 million or 60.5% from \$0.32 million in 2Q15 to \$0.13 million in 2Q16, and \$0.23 million or 43.2% from \$0.54 million in 1H15 to \$0.31 million in 1H16, due mainly to a decrease in taxable income from Singapore operation in the period. The effective tax rate remained low in the period, due mainly to continued utilisation of unabsorbed tax losses from prior years by Hong Kong and Malaysia operations and tax incentives enjoyed by Singapore operation in the period.

### Net profit for the period, after non-controlling interests

On 29 June 2016, the Group sold a 5% stake in its China business for US\$1.75 million (approximately \$2.41 million) with a gain of \$2.15 million recognised directly in equity. Non-controlling interests refer to the 5% interest in the China business of the Group.

Overall, the Group's net profit after tax decreased by \$2.14 million or 65.2% from \$3.28 million in 2Q15 to \$1.14 million in 2Q16, and \$3.90 million or 62.0% from \$6.29 million in 1H15 to \$2.39 million in 1H16. Excluding China operation, the Group's profit after tax decreased by \$1.64 million or 46.9% from \$3.51 million in 2Q15 to \$1.87 million in 2Q16, and \$2.70 million or 40.5% from \$6.65 million in 1H15 to \$3.95 million in 1H16. The following table shows the breakdown of the Group's net profit after tax by geographical segments.

|  | Group          |                |             | Group          |                |             |
|--|----------------|----------------|-------------|----------------|----------------|-------------|
|  | 2Q16<br>\$'000 | 2Q15<br>\$'000 | Change<br>% | 1H16<br>\$'000 | 1H15<br>\$'000 | Change<br>% |
| Singapore                              | 1,862          | 2,887          | (35.5)      | 3,845          | 5,656          | (32.0)      |
| Hong Kong                              | 36             | 605            | (94.0)      | 79             | 1,006          | (92.1)      |
| Malaysia                               | 14             | 25             | (44.0)      | 79             | 10             | 690.0       |
| Other <sup>(1)</sup>                   | (47)           | (8)            | 487.5       | (51)           | (26)           | 96.2        |
| Net profit (excluding China operation) | 1,865          | 3,509          | (46.9)      | 3,952          | 6,646          | (40.5)      |
| China                                  | (722)          | (225)          | 220.9       | (1,558)        | (354)          | 340.1       |
| Net profit (including China operation) | 1,143          | 3,284          | (65.2)      | 2,394          | 6,292          | (62.0)      |

Notes:

(1) Referring to share of result of associates.

In Singapore, net profit decreased by 35.5% from \$2.89 million in 2Q15 to \$1.86 million in 2Q16, and 32.0% from \$5.66 million in 1H15 to \$3.85 million in 1H16. A drop in Singapore profitability resulted from the combined impacts of decreases in net revenue due to the negative global financial markets sentiment in the period and increases in operating expenses due to increased efforts in enhancing platform FinTech capabilities and improving the range of investment products and services being provided to customers in the period.

The profit generated from Hong Kong operation decreased by 94.0% from \$0.61 million in 2Q15 to \$0.04 million in 2Q16, and 92.1% from \$1.01 million in 1H15 to \$0.08 million in 1H16. The significant decline in Hong Kong profitability partially resulted from the combined impacts of the negative equity markets sentiment particularly in China/Hong Kong and a slowdown of investment subscription volume as a result of the suspension of CIES announced in 2015. The significant decline was also due to the initial operating losses incurred, post the acquisition of the stockbroking firm in Hong Kong (iFAST Securities (HK) Limited), to build an online stockbroking platform in the period. The stockbroking platform has been under a test run in June 2016.

Resulting from the volatile market sentiment in 2Q16, the profit generated from Malaysia operation decreased by 44.0% from \$0.02 million in 2Q15 to \$0.01 million in 2Q16. However, the significant YoY increase in AUA of Malaysia operation resulted in 690.0% increase in net profit in 1H16.

The China operation is still in the start-up phase to build iFAST brand and business in this new market. The loss from China operation increased by 220.9% from \$0.23 million in 2Q15 to \$0.72 million in 2Q16, and 340.1% from \$0.35 million in 1H15 to \$1.56 million in 1H16.

### **Statement of Financial Position**

The shareholders' equity of the Group increased to \$76.85 million as at 30 June 2016 from \$76.56 million as at 31 December 2015. This was due mainly to contribution of net profit in 1H16 and a gain of \$2.15 million recognised directly in equity as a result of the Group's sale of 5% stake in its China business for US\$1.75 million (approximately \$2.41 million) on 29 June 2016, partially offset by payments of dividends in the period.

The Group's cash position (including cash at bank and in hand, money market fund and investments in financial assets categorised under other investments) decreased to \$58.08 million as at 30 June 2016 from \$61.48 million as at 31 December 2015.

Current assets decreased to \$78.15 million as at 30 June 2016 from \$82.80 million as at 31 December 2015 due mainly to a decrease in the Group's cash position in the period.

Non-current assets increased to \$12.21 million as at 30 June 2016 from \$8.48 million as at 31 December 2015 due mainly to additions of intangible assets in the period and acquisition of 21.47% stake in the ultimate holding company of iFAST India at \$1.27 million in 2Q16.

Total liabilities decreased to \$13.27 million as at 30 June 2016 from \$14.72 million as at 31 December 2015. This was due mainly to decreases in trade and other payables in the period.

### **Consolidated Statement of Cash Flows**

Net cash from operating activities increased from \$3.12 million in 2Q15 to \$3.31 million in 2Q16, due mainly to changes in working capital resulting from more collections of receivables in 2Q16 and partially offset by lower operating profit in the quarter. However, net cash from operating activities decreased from \$6.17 million in 1H15 to \$3.08 million in 1H16, due mainly to lower operating profit generated in the period.

Net cash used in investing activities was \$0.28 million in 2Q16, while net cash from investing activities was \$1.40 million in 2Q15. This was due mainly to acquisition of 21.47% stake in the ultimate holding company of iFAST India at \$1.27 million in 2Q16 and increases in additions of intangible assets in the quarter. Net cash used in investing activities was \$2.13 million in 1H16 compared to \$16.42 million in 1H15, due mainly to lower purchase of investments in financial assets in 1H16.

Net cash used in financing activities was \$1.89 million in 2Q16 compared to \$3.44 million in 2Q15, due mainly to the Group's sale of 5% stake in its China business for US\$1.75 million (equivalent \$2.41 million) in June 2016 and partially offset by purchase of treasury shares in 2Q16. Besides, net cash used in financing activities was \$1.86 million in 1H16 compared to \$0.33 million in 1H15. This was due mainly to proceeds from issuance of over-allotment shares in January 2015 in connection with the IPO in December 2014.

**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 has been making progress towards its long-term vision of being an integrated investment products distribution platform. We believe this is a key to robust growth rates in the medium to long term in Asia's wealth management industry.

In the short term, however, adverse equity market conditions do affect the Group's financial performance. With Asia ex-Japan equity markets hitting 5-year lows in the first half of this year, the Group's net revenue (excluding China) declined 10.6% YoY in 1H16.

Expenses for the Group (excluding China) increased 7.0% YoY in 1H16, reflecting the Group's continued push towards broadening the range and depth of our products and services. The combined impact of a decline in net revenue and an increase in expenses resulted in a 40.5% decline in the Group's net profit (excluding China).

While 1H16 has been poor, our Directors believe that any improvement in market conditions will have a favourable impact on the profitability of the Group (excluding China) in the next few quarters. This also takes into account the Group's ongoing efforts to grow its overall sales and AUA.

The Group recently launched its iFAST China business. As the China business is at the initial investment phase, an operating loss of \$1.56 million was registered in 1H16. In June 2016, iFAST China completed the sale of a 5% stake for US\$1.75 million (approximately \$2.41 million), leading to a gain of \$2.15 million for the Group. This gain was however recognised directly in equity, instead of income statement.

The Directors are of the view that it is important for the Group to maintain a healthy balance between ensuring short term profitability and doing enough to ensure the long term growth of the Group, especially in tackling big markets with good growth potential such as China and India.

The Directors have proposed dividends of 0.68 cents per ordinary share for both 1Q16 and 2Q16. The dividends per share have been the same as the year before, despite the declines in profitability in 1H16. The Directors believe that the Group has a strong balance sheet, with total cash and other investments of \$58.08 million as at 30 June 2016, and no borrowings (not counting a small finance lease liability of approximately \$25,000).

The Group is updating its 2016 Dividend Guidance to: "For FY2016, our Directors intend to recommend and distribute dividends of 60% **or more** of our Group's net profit (excluding China operation, and exceptional items)".

## 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    | 0.68 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    | 0.68 cents per ordinary share |
| Tax rate         | One-tier tax exempt           |

### (c) Date payable

The interim dividend will be paid on 19 August 2016.

### (d) Books closure date

The Register of Members and Share Transfer Books of the Company will be closed on 10 August 2016 for the purpose of determining members' entitlements to the second interim dividend. Accordingly, registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 pm on 8 August 2016 will be registered to determine members' entitlement to the first interim dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 8 August 2016 will be entitled to the second interim dividend.

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

Not applicable.

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

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

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

**15. Use of proceeds from the Company's initial public offering.**

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. The following table sets out our use of the net IPO proceeds up to 30 June 2016.

|  | Allocation of IPO<br>proceeds | IPO proceeds<br>utilised as at 30<br>June 2016 | Balance of IPO<br>proceeds |
|--|-------------------------------|--|----------------------------|
| <b>Use of net proceeds</b>                               | <b>\$' million</b>            | <b>\$' million</b>                             | <b>\$' million</b>         |
| Mergers and acquisitions strategy                        | 27.2                          | 4.2  | 23.0                       |
| Expansion of our business in the Chinese market          | 7.0                           | 3.3  | 3.7                        |
| Enhancement of our product capabilities, IT and services | 8.0                           | 4.5  | 3.5                        |
| Working capital purposes                                 | 5.8                           | -  | 5.8                        |
| Net Proceeds   | <u>48.0 <sup>(1)</sup></u>    | <u>12.0</u>                                    | <u>36.0</u>                |

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.

Pending the deployment of the remaining net proceeds as disclosed above, the balance of IPO proceeds of \$36.0 million has been used to invest in bonds, unit trusts and short term deposits as stated in the Prospectus.

The Company will continue to make periodic announcements on the use of the proceeds as and when the funds are materially disbursed.

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

The directors of the Company confirm that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the financial results for the second quarter and half year ended 30 June 2016 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Leung Fung Yat, David**  
**Chief Financial Officer**  
**29 July 2016**