

COASSETS LIMITED

ACN 604 341 826

Appendix 4D

Half year ended 31 DECEMBER 2017

Comparative period: Half year ended 31 December 2016

Results for announcement to the market

				31 December 2017 S\$
Revenue from ordinary activities	Up	471%	to	2,547,554
Profit/(loss) from ordinary activities after tax attributable to members	Up	n/a	to	2,119,825
Net Profit/ (loss) for the period attributable to members	Up	n/a	to	2,119,825

No dividends have been paid or are proposed

A statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, segmental results and associated notes are contained within the attached half year report, which also contains a comprehensive review of the performance of the Group during the period within the Directors' report

	31 December 2017 cents	30 June 2017 cents
Net Tangible Assets per security	5.26	2.67

Control has not been gained or lost over any entities during the period. Details of associated entity is provided in note 11 to the half year report.

The financial report attached has an unqualified independent review report.

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INTERIM REPORT 2017

COASSETS LIMITED

ACN 604 341 826

**INTERIM
REPORT**

HALF YEAR ENDED

31 DECEMBER 2017

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DIRECTORS

Getty Goh Te-Win
CEO and Executive Chairman

Seh Huan Kiat
CTO

Nicholas Ong
Non-executive Director

Jeffrey Chi
Non-executive Director

David Garry
Non-executive Director

COMPANY SECRETARY

Swapna Keskar

AUDITORS

DFK Laurence Varnay
Level 12 222 Pitt Street
Sydney NSW 2000

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Sydney NSW 2000
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STOCK EXCHANGE LISTING

CoAssets Limited shares
are listed on the Australian
Securities Exchange
Code: CA8

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, WA 6153
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COMPANY WEBSITE

www.coassets.com

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CoAssets' Weekly Engagement Event



EPIC Singapore



CoAssets' Christmas Gathering 2017



CoAssets' Event of the Year 2017

Who Are We?

CoAssets Limited ("CoAssets" or the "Group") is a public company listed in Australia, primarily engaged in online funding, corporate lending and financial technology ("fintech").

The Group operates a licensed online funding platform in Singapore through its wholly owned subsidiary, CoAssets Pte Ltd. CoAssets also operates an online funding platform in China through CoAssets China, a joint venture company with its local Chinese partners. Apart from being an online funding platform, the Group engages in corporate lending through its wholly-owned subsidiary, CoAssets International Pte Ltd.

The Group invests in financial technology ("fintech") companies that enhances CoAssets' online financial ecosystem. Past acquisitions include Da Xian Bing (a Chinese product crowdfunding platform), Fintech Pte Ltd (a Hong Kong online cash management platform) as well as Brighten Finance Ltd (a licensed money lender in Hong Kong). With offices in Australia, China, Hong Kong and Singapore and a registered investor base of more than 433,000 from around the region, CoAssets aims to become a leading online financial platform for Asia.

Our Story

CoAssets Pte Ltd was established in 2013 by Getty Goh and Dr Seh Huan Kiat, shortly after the introduction of the United States' JOBS Act in 2012, with the mission of *making funding and financial technology accessible*. While CoAssets' business model has evolved and sharpened over the years, the mission remains unchanged.

Through technology, the Group is able to forge strong partnerships around the region and roll out innovative fintech solutions. In line with CoAssets' vision of becoming a leading online financial platform, the Group will continue to seek out opportunities to provide innovative digital solutions for regional financial markets.



CHAIRMAN'S MESSAGE

Dear Shareholder,

BUILDING ON COASSETS' S.M.A.R.T. INITIATIVE*

* All rates are based on 9 Feb 2018 unless otherwise stated

In the last Annual Report that was lodged with the Australian Securities Exchange (ASX) on 31 Aug 2017, I shared that CoAssets was undergoing a period of transformation in 2017. While we started out as a crowdfunding platform, we aimed to develop and become a regional online financial platform.

To achieve our objective, we embarked on CoAssets' S.M.A.R.T. initiative towards the end of 2016. As part of that initiative, we focused on 5 key areas, namely – (1) **Strategy**, (2) **Markets**, (3) **Acquisitions**, (4) **Revenue** and (5) **Technology**.

To help readers better understand the interim report, in terms of nomenclature, 2016 refers to the period from 1 Jul 2016 to 31 Dec 2016, while 2017 refers to the period from 1 Jul 2017 to 31 Dec 2017. By end 2017, I am pleased to note that the S.M.A.R.T. initiative had started to show results. As at 31 Dec 2017, we stemmed our cost escalation as well as saw an increase in revenue – in short, the Group had turned a corner. Some key highlights of CoAssets' performance are as follow:

- We saw the Group's revenue jumped from S\$446,040 in 2016 to S\$2,547,554 in 2017. This worked out to a percentage increase of 471%.
- Operating Expenses dropped from S\$3,570,287 in 2016 to S\$2,577,013 in 2017. This worked out to be a cost saving of about S\$1million, which amounted to 28% cost savings.
- Profits wise, CoAssets made S\$2,046,013 in 2017 from a loss of -\$3,899,325 in 2016. This increase was due to business activities as well as once off investment gains booked in 2017.
- Our registered investor base reached 433,805 as at 31 Dec 2017. This was an 88.17% increase from 30 Jun 2017.

Putting things in the right perspective, to be able to show such positive results within a short period of time is very encouraging for the team. It shows that as a team, we are able to collectively add value to our clients.

WHAT TO EXPECT FOR THE NEXT HALF?

Despite having such encouraging results, our work to grow the Company is never done. In the second half of the financial year, we expect to see more developments taking place in the following regions:

- Singapore – CoAssets Pte Ltd (“CAPL”). After receiving our Capital Market Services License (CMSL) from the Monetary Authority of Singapore (MAS) in Jun 2017, we crowdfunded more than S\$5.11million worth of deals from 1 Jul 2017 to 31 Dec 2017. As we were restarting the crowdfunding engine in Singapore, we were extremely selective in the deals we did. Apart from relying on the CoAssets Risk Assessment Matrix (CRAM) to assess potential crowdfunding deals, an important consideration was whether the businesses could offer any assets as collateral for the crowdfunded loans. Due to our stringent criteria, less than 17% of the deals we see pass our CRAM. Having operated the platform for the last 6 months, we observed that certain lending conditions that we imposed might be excessively restrictive. Hence for the coming half, we will be reviewing our lending conditions to see how they can be modified, so that we are able to serve a larger pool of businesses that are looking for funding; yet keeping our non-performing loan rates in check. Apart from reviewing CRAM, we will continue to work on converting the 58,000+ registered investors we have in Singapore into active investors. Ultimately, it is envisaged that by offering more crowdfunding deals on our platform and on-boarding more Singaporean investors, revenue from crowdfunding service fees is expected to increase accordingly.
- Singapore – CoAssets International Pte Ltd (“CAI”). Apart from crowdfunding, the Group is in the business of offering corporate loans via our wholly owned subsidiary CoAssets International Pte Ltd. Deal wise, CAI works with other financial institutions to source corporate loans. Funding wise, CAI relies on several funding sources. Apart from funds that come from the Group’s balance sheet, CAI raises funds from institutions and/or accredited investors. CAI also relies on Singapore’s Small Offer Exemption (SOE) to raise not more than S\$5million within any 12-month period from retail investors who have previously indicated interests to invest in the promissory notes that CAI offers. Proceeds raised were either used for CAI’s business expansion or to lend to opportunities that CAI locates. As a whole, this aspect of the business is growing very strong-

ly and we have made more than S\$6.65million worth of loans in the last 6 months – bringing CAI’s loan book to more than S\$16.21million. The Group feels that this is a viable long-term business.

- China – CoAssets China. In terms of market, China is our fastest growing market. Although it was only started in 2015, we have seen remarkable growth in terms of registered investor acquisition. From 1 Jul 2017 to 31 Dec 2017, our registered investor base grew from about 173,000 to more than 375,000 – in terms of percentage, this works out to be an increase of more than 117%. Correspondingly, in the last 6 months, we have funded more than RMB28.15million (S\$5.94million) worth of crowdfunding deals. In the coming half, we will be focusing on securing regulatory clearance from the Chinese authorities and being compliant with the new crowdfunding/P2P lending regulations that will be rolled out.
- Hong Kong – Fintech Pte Ltd. The Group acquired shares in Fintech Pte Ltd, an online corporate cash management platform called “PiggieBank”, in Apr 2017. PiggieBank started out as an internal system for Brighten Management Limited, a Hong Kong based family office and, as at 9 Feb 2018, PiggieBank has managed more than S\$21.39million. During the half-year ended 31 December 2017, CoAssets has taken over PiggieBank’s operational management and redesigned the PiggieBank platform. We also incorporated functions like instant funds transfer among PiggieBank users as well as currency exchange. To grow the platform’s adoption in Hong Kong, we aim to start securing the relevant licenses within Hong Kong in the coming 6 months before embarking on an aggressive outreach campaign. Other than licenses, we are also exploring the adoption of block chain technology within the PiggieBank platform.
- Hong Kong – Brighten Finance Limited (“BFL”). The Group acquired shares in Brighten Finance Limited (“BFL”) in Sep 2017. BFL is a Hong Kong based licensed moneylender and had a loan book worth HK\$36.91million (S\$6.27million) by end 31 Dec 2017. As announced previously on 1 September 2017, in the second half of FY 2018, the Group will start taking over operational management of BFL and continue to grow the loan book. On the technical front, we will be developing a borrower database and incorporate an online risk management system. This will provide the basis for the Group to build a machine learning system for deal assessment in the near future.

In terms of risk management, the Group has been working hard to bring down the write off rate. A deal is written off when the borrower is declared a bankrupt. In terms of corporate loan write-off, the rate as at 31 Dec 2017 is 1.35% (this is a drop from 1.46% as at 30 Jun 2017). In terms of crowdfunding, the write-off rate as at 31 Dec 2017 is 2.93%. As a whole, the overall write off rate stands at a healthy 1.98%.

As a whole, we have been kept very busy in the first half of FY2018. Collectively, the total amount of loans and funds managed by the whole Group has amounted to a total of more than S\$54.92million since listing. This figure excludes past real estate deals that were facilitated by the CoAssets platform in the first few years of the platform operation, prior to receiving the CMSL from MAS. Based on our ASX prospectus that was lodged in Sep 2016, we had already done more than S\$40million worth of deals at that point. If we were to include those earlier property deals, the total amount facilitated by CoAssets since inception would easily be in excess of S\$95million.

As we celebrate our 5th year anniversary this year, it is humbling to see how CoAssets has grown since it was founded in 2013. Looking ahead, we expect an even busier second half as we continue to grow our business around the region. The Directors of the Company do not see CoAssets as simply a crowdfunding platform. The Board's vision for CoAssets is to become a regional financial platform that disrupts the traditional financial industry through digitization. Technology wise, our tech team, headed by CTO and Co-Founder, Dr Seh Huan Kiat, has started work on incorporating smart contracts and machine learning into the platforms we operate and improving our users' experience. We believe it will be our technological advantage that will differentiate us from our competitors.

As a 5 year-old company, we are still a young Company and there are a lot of things we have yet to accomplish. Thank you for your faith and continuous support. The board of directors looks forward to another exciting half ahead as we aim to deliver on the Company's objectives to reward shareholders, existing and new, with continued growth.



Getty Goh

Executive Chairman

CoAssets Limited





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CORPORATE LOAN & CROWDFUNDING STATISTICS

S\$6.65
million

Worth of corporate loans were made in 2017

S\$16.21
million

Worth of corporate loans deployed to date via CoAssets International Pte Ltd

S\$11.06 million

Total amount crowdfunded by the Group from 1 Jul 2017 to 31 Dec 2017



RMB28.15 million

Amount of deals successfully completed in China from 1 Jul 2017 to 31 Dec 2017

S\$5.11 million

Amount of deals successfully in Singapore from 1 Jul 2017 to 31 Dec 2017



14.29%

Business that applied which passed our Risk Assessment

USER STATISTICS



> 433,800

Number of registered investors by 31 Dec 2017

88.17%

Increase in number of registered investors from 1 Jul 2017 to 31 Dec 2017

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FINANCIAL STATISTICS



\$\$2.55 MILLION

Year
2016 S\$446,040

Year
2017 **S\$2.55 Million**

Revenue achieved in 2017. The group made S\$446,040 in 2016. This works out to be a 471% increase in revenue.

471% INCREASE IN REVENUE



\$\$993,274

Cost savings achieved in 2017. The operation expense dropped from S\$3.57m in 2017 to S\$2.55m in 2016. This works out to be a 28% reduction in cost reduction.

\$\$2.04million

Profits achieved in 2017. The increase in profits was due to business activities as well as investment gains.

RISK MANAGEMENT
STATISTICS

1.98%

Overall write off rate based on loan amount as at 31 Dec 2017.

1.35%

Corporate loan write-off rate as at 31 Dec 2017. This is a decrease from 1.46% as at 30 Jun 2017.

2.93%

Crowdfunding write-off rate as at 31 Dec 2017.

OPERATIONAL
STATISTICS

> \$\$95+million

Total amount of deals facilitated by the Group since it was founded in 2013.

> \$\$54.92million

Total amount of loans and funds facilitated by the whole Group since listing on the ASX in Sep 2016.

DIRECTORS' REPORT

Your directors present their financial report of the consolidated entity consisting of CoAssets Limited ("CA8 or the "Company") and the entities it controlled at the end of, or during the half year ended 31 December 2017 (together the "Group"). All amounts are stated in Singapore dollars (S\$) unless otherwise noted.

DIRECTORS OF COASSETS LIMITED

The names of each person who has been a director during the period and who continue in office at the date of this report (unless otherwise stated) are:

Getty Goh Te-Win (Chief Executive Officer)

Seh Huan Kiat (Chief Technology Officer)

Chen Chik (Nicholas) Ong (Independent Non-Executive Director)

Jeffrey Chi (Independent Non-Executive Director)

David Garry (Independent Non-Executive Director)

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

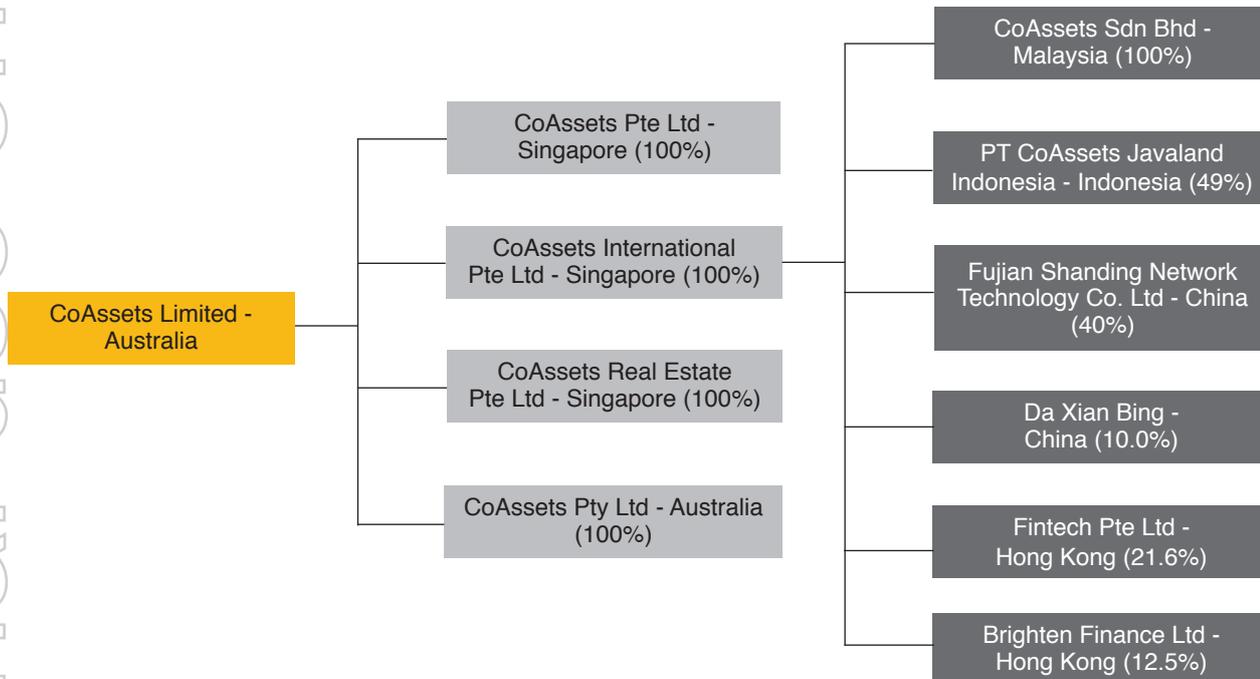
The Group intends to continue its principal activities as described above in this half year report. As a whole, the Company saw a significant turn around in the last 6 months. Coupled with revenue increase, the prudent cost control, has delivered the first profitable half since listing on the Australian Securities Exchange in Sep 2016. In terms of nomenclature, 2016 refers to the period from 1 Jul 2016 to 31 Dec 2016, while 2017 refers to the period from 1 Jul 2017 to 31 Dec 2017. Some key highlights are as follows:

- The largest increase in revenue came from crowdfunding and other consulting income as well as interest income. As compared to the previous period in 2016, revenue from crowdfunding and interest income increased by about 1,029% and 294% respectively. In terms of quantum, revenue from crowdfunding and other consulting income increased by S\$1,764,757, while interest income increased by S\$453,495.
- In terms of operating expense, the largest percentage decreases were in event expense, training expense as well as advertising and marketing at -99%, -93% and -80% respectively. In terms of quantum, the largest three areas of cost savings were employer expense, event expense and consultancy fees at -S\$546,436, S\$369,048 and S\$175,540 respectively.

CORPORATE

Corporate restructuring

The corporate structure as at 31 Dec 2017 is shown below.



DIVIDENDS

No dividends were paid or are proposed to be paid to members during the half year under review.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no other significant changes in the state of affairs of the Group during the financial period.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters discussed below, in the opinion of the directors, there has not arisen in the interval between the end of the financial year and the date of the report any matter or circumstance that has significantly affected, or may significantly affect the Consolidated Group's operations, results or the state of affairs in future financial years:

As announced to the ASX on 18 January 2018, the Company entered to a Strategic Cooperation Agreement with EC Technology & Innovation Pte Ltd.

AUDITOR

DFK Laurence Varnay has replaced BDO Audit (WA) Pty Ltd as the Group's auditor effective from 19 January 2018.

Signed in accordance with a resolution of the board of directors



Getty Goh

Director

Singapore

22 February 2018

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of CoAssets Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2017, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is made in respect of CoAssets Limited and the entities it controlled during the period.

DFK Laurence Varnay



Faizal Ajmat
Partner

Sydney, 22 February 2018

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CoAssets Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2017

	Note	Half year ended 31 Dec 2017 S\$	Half year ended 31 Dec 2016 S\$
Revenue	5	2,547,554	446,040
Interest Expense		(385,520)	(264,071)
Net operating income		2,162,034	181,969
Investment gains	6	2,481,940	-
Operating expenses	7	(2,577,012)	(3,570,287)
Release of/ (allowance for) impairment provision		10,200	(409,088)
Depreciation and amortisation expense		(31,149)	(50,822)
Profit/(loss) before income tax		2,046,013	(3,848,228)
Income tax expense		-	-
Profit/(loss) after income tax		2,046,013	(3,848,228)
Profit/ (loss) is attributable to:			
Owners of CoAssets Limited		2,119,825	(3,643,255)
Non-controlling interests		(73,812)	(204,973)
		2,046,013	(3,848,228)
Other comprehensive income/ (loss)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(6,845)	(51,097)
Other comprehensive income/ (loss) for the period net of tax		(6,845)	(51,097)
Total comprehensive income/(loss) for the period		2,039,168	(3,899,325)
Total comprehensive income/(loss) for the period is attributable to:			
Owners of CoAssets Limited		2,109,316	(3,694,352)
Non-controlling interests		(70,148)	(204,973)
		2,039,168	(3,899,325)

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CoAssets Limited
 Consolidated Statement of Profit or Loss and Other Comprehensive Income
 For the half year ended 31 December 2017

Earnings per share from continuing operations	14		
Basic profit/(loss) per share attributable to owners of CoAssets Limited (cents per share)		1.2	(2.4)
Diluted profit/(loss) per share attributable to owners of CoAssets Limited (cents per share)		0.9	(2.4)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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CoAssets Limited
Consolidated Statement of Financial Position
For the half year ended 31 December 2017

	Note	31 Dec 2017 S\$	30 June 2017 S\$
Current assets			
Cash and cash equivalents		3,863,461	1,942,997
Trade and other receivables	8	3,060,104	1,163,501
Loans and advances	9	7,885,956	5,534,087
Total current assets		14,809,521	8,640,585
Non-current assets			
Investments in associates	11	4,870,140	-
Loans and advances	9	-	482,686
Property, plant & equipment		97,917	155,663
Intangible assets		149,421	178,172
Available for sale financial assets	10	982,640	1,139,447
Total non-current assets		6,100,118	1,955,968
Total assets		20,909,639	10,596,553
Current liabilities			
Trade and other payables	12	1,470,912	1,083,207
Borrowings		9,558,921	4,703,456
Total current liabilities		11,029,833	5,786,663
Total liabilities		11,029,833	5,786,663
Net assets		9,879,806	4,809,890
Equity			
Issued capital - ordinary	13	16,346,956	13,508,990
Reserves	15	155,283	(26,990)
Accumulated losses		(7,085,948)	(9,205,773)
Non-controlling interest		463,515	533,663
Total equity		9,879,806	4,809,890

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying note

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CoAssets Limited
 Consolidated Statement of Changes in Equity
 For the half year ended 31 December 2017

Period ended	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation-Reserves	Accumulated Losses	Non-controlling interests	Total
31 December 2017	- Ordinary					
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 July 2017	13,508,990	-	(26,990)	(9,205,773)	533,663	4,809,890
Profit attributable to members of parent entity	-	-	-	2,119,825	-	2,119,825
Loss attributable to non-controlling interests	-	-	-	-	(73,812)	(73,812)
Exchange difference on foreign operations	-	-	(10,509)	-	3,664	(6,845)
Total comprehensive income for the period	-	-	(10,509)	2,119,825	(70,148)	2,039,168
<i>Transactions with owners in their capacity as owners</i>						
Share issues	2,837,966	-	-	-	-	2,837,966
Share based payments	-	192,782	-	-	-	192,782
Balance at 31 Dec 2017	16,346,956	192,782	(37,499)	(7,085,948)	463,515	9,879,806
Comparative Period	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserves	Accumulated Losses	Non-controlling interests	Total
	- Ordinary					
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 July 2016	5,824,675	300,915	(89,152)	(2,946,919)	82,668	3,172,187
Loss attributable to members of parent entity	-	-	-	(3,643,255)	-	(3,643,255)
Loss attributable to non-controlling interests	-	-	-	-	(204,973)	(204,973)
Exchange difference on foreign operations	-	-	(51,097)	-	-	(51,097)
Total comprehensive loss for the period	-	-	(51,097)	(3,643,255)	(204,973)	(3,899,325)
<i>Transactions with owners in their capacity as owners</i>						
Shares Issues	6,748,368	(300,915)	-	-	-	6,447,453
Balance at 31 Dec 2016	12,573,043	-	(140,249)	(6,590,174)	(122,305)	5,720,315

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CoAssets Limited
Consolidated Statement of Cash Flows
For the half year ended 31 December 2017

	1/7/17 to 31/12/17 S\$	1/7/16 to 31/12/16 S\$
Operating activities		
Receipts from customers	808,802	300,721
Payments to directors and staff	(1,016,150)	(1,618,835)
Payments to suppliers	(1,449,445)	(2,482,927)
Increase in investor deposits	(272,471)	621,772
Cash absorbed by operations, representing net cash used in operating activities	<u>(1,929,264)</u>	<u>(3,179,269)</u>
Investing activities		
Purchase of plant, equipment and intangible assets	(18,493)	(23,974)
Interest received	167,095	154,392
Loans and advances made	(2,881,677)	(1,044,573)
Proceeds from redemption of loans and advances	1,041,894	659,950
Payments to acquire AFS investments	(82,640)	-
Net cash used in investing activities	<u>(1,773,821)</u>	<u>(254,205)</u>
Financing activities		
Funds received for issued shares	1,064,569	3,213,234
Proceeds from borrowings	9,458,921	1,589,800
Repayment of borrowings	(4,603,456)	(204,971)
Interest paid	(266,070)	-
Net cash from financing activities	<u>5,653,964</u>	<u>4,598,063</u>
Net change in cash and cash equivalents	1,950,879	1,164,589
Cash and cash equivalents at beginning of financial period	1,942,997	4,752,397
Effects of foreign exchange	(30,415)	(32,274)
Cash and cash equivalents at end of financial period	<u><u>3,863,461</u></u>	<u><u>5,884,712</u></u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Basis of Preparation

These condensed interim consolidated financial statements (the interim financial statements) of the Group are for the half year ended 31 December 2017 and are presented in Singapore Dollars (S\$), which is the functional currency of the Group. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2017 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

These interim financial statements have been approved and authorised for issue by the Board of Directors on 22 February 2018.

2 Significant accounting policies

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2017.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

3 Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017. The only exception is the estimate of the 'fair value of available for sale investments prior to attainment of significant influence' (note 11) is a critical accounting estimate for the half year ended 31 December 2017.

4 Operating Segment Information

Management identifies its operating segments based on the Group's geographic locations, which represent the main operating divisions of the Group. The Group's two main operating segments are:

- Singapore: Crowdfunding, on-balance sheet lending and debt raising
- China: Crowdfunding, IT service development; strategic investments

Both of these operating segments are managed separately for the reasons of geography, regulation and marketing. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

In addition, two minor operating segments, for which the quantitative thresholds for separate disclosures have not been met, are currently combined below under 'other'. The geographic locations for these segments are Australia and Malaysia.

4 Operating Segment Information (continued)

Current Period	Singapore S\$	China S\$	Other S\$	Total S\$
Half year ended 31 Dec 2017				
Total segment revenue	2,451,461	92,156	3,937	2,547,554
Segment result net profit/(loss) before tax	(25,014)	2,358,921	(287,894)	2,046,013
Segment assets	13,651,547	4,656,362	2,601,730	20,909,639
Comparative Period	Singapore S\$	China S\$	Other S\$	Total S\$
Year ended 30 June 2017				
Segment assets	8,227,831	900,188	1,468,534	10,596,553

5 Revenue from continuing operations

	31/12/17 S\$	31/12/16 S\$
Interest income	607,769	154,274
Crowdfunding and other consulting income	1,936,341	171,584
Other income	3,444	120,182
	<u>2,547,554</u>	<u>446,040</u>

6 Investment Gains

	31/12/17 S\$	31/12/16 S\$
Fair value gain on revaluation of investment (note 11)	2,482,967	-
Share of loss of associate	(1,027)	-
	<u>2,481,940</u>	<u>-</u>

7 Operating Expenses

	31/12/17 S\$	31/12/16 S\$
Advertising and marketing	30,678	152,335
Consulting fees	96,370	271,910
Directors' fees and remuneration	654,696	195,814
Employee benefits expense	876,585	1,423,021
Events expenses	4,873	373,921
Legal and professional fees	119,367	258,334

CoAssets Limited
Notes to the Financial Statements
For the half year ended 31 December 2017

Training expenses	831	11,851
Other operating costs	793,612	883,101
	<u>2,577,012</u>	<u>3,570,287</u>

8 Trade and Other Receivables

	31/12/17	30/6/17
	S\$	S\$
Trade receivables	2,082,548	623,948
Allowance for Impairment loss	(583,350)	(586,850)
	<u>1,499,198</u>	<u>37,098</u>
Other receivables (i)	1,560,906	1,126,403
	<u>3,060,104</u>	<u>1,163,501</u>

(i) Other Receivables

	31/12/17	30/6/17
	S\$	S\$
Third parties	837,141	801,570
Interest receivables	527,677	110,655
Prepayments	21,142	7,889
Advance payment to suppliers	34,158	45,049
Deposits	140,788	161,240
	<u>1,560,906</u>	<u>1,126,403</u>

Trade receivables are unsecured, non-interest bearing and generally on 7 to 360 (2016: 7 to 360) days' credit terms.

9 Financial assets - Loans and advances - secured

	31/12/17	30/6/17
	S\$	S\$
Balance at beginning of financial period	6,271,921	1,328,728
Loans and advances made	2,881,677	6,259,320
Redemption/ write-off of loans and advances	(1,185,244)	(1,316,127)
Balance at end of financial period	<u>7,968,354</u>	<u>6,271,921</u>
Impairment provision held against loans and advances	(82,398)	(255,148)
	<u>7,885,956</u>	<u>6,016,773</u>
Repayable within 1 year	7,885,956	5,534,087
Repayable after 1 year	-	482,686
Total net of impairment provisions	<u>7,885,956</u>	<u>6,016,773</u>

As at 31 December 2017, the loans and advances had effective interest rates ranging from 4% to 40% (30 June 2017; 4% to 40%) and maturity period ranging from 3 to 12 months. (30 June 2017; 3 to 12 months) The loans and advances made are secured by various means, mostly by the project assets to which the loan relates.

As at 31 December 2017, there were loans and advances of S\$72,553 (30 June 2017; S\$74,077) which exceeded the agreed matured period. No further extensions of payment terms have been granted. (30 June 2017; 2 to 3 month extensions were granted).

10 Available for sale financial assets - Investment

	31/12/17	30/6/17
	S\$	S\$
<i>Investment in Unquoted equity securities – At fair value</i>		
Investment in Da Xian Bing (i)	82,640	203,500
Investment in Brighten Finance Ltd (ii)	900,000	-
Investment in Fintech Pte Ltd (iii)	-	935,947
	<u>982,640</u>	<u>1,139,447</u>

(i) On 23 January 2017 CoAssets entered into a contract to purchase 10% of the share capital of Da Xian Bing for a cash consideration of RMB1m (S\$203,500). On 8 December 2017, the consideration was paid and 60% was recouped from Fujian Yaosheng as set out in the ASX announcement on 23 January 2017, in exchange for their proportion of the Share capital. Given the short period of time since this transaction, the directors' valuation of the holding of Da Xian Bing is not expected to have changed materially from the fair value of the cash consideration.

(ii) On 30 October 2017 CoAssets acquired the first tranche of shares in Brighten Finance Limited as announced to the ASX on 1 September 2017. This tranche equated to 12.5% of the share capital of Brighten Finance for a consideration of S\$900,000. Given the short period of time since this transaction, the directors' valuation of the holding of Brighten Finance is not expected to have changed materially from the fair value of the cash consideration.

(iii) On 15 May 2017 CoAssets issued 6,016,671 ordinary shares (note 13(b)) to acquire 10.8% of the share capital of Fintech Pte Ltd. The fair value of the CoAssets shares, based on the quoted market price and exchange rate on that day, was \$935,947. On 20 October 2017, CoAssets acquired a further tranche of shares and also attained significant influence, and the investment in Fintech was deemed to be sold and the investment reacquired as an associate. (Note 11)

11 Investment in Associates

	31/12/17	30/6/17
	S\$	S\$
<i>Investment in Fintech Pte Ltd</i>		
Original fair value of capital issued for available for sale investment (note 10)	935,947	-
Fair value gains prior to attainment of significant influence (ii) (note 6)	2,482,967	-
Fair value immediately prior to attainment of significant influence	3,418,914	-
Fair value of CoAssets shares issued to attain significant influence (i) (note 13(a))	1,452,253	-
Deemed cost of investment in associate (iii)	4,871,167	-
Share of losses since attainment of significant influence	(1,027)	-
Carrying value of investment in associate	<u>4,870,140</u>	<u>-</u>

CoAssets Limited
Notes to the Financial Statements
For the half year ended 31 December 2017

(i) On 20 October 2017 CoAssets issued 6,016,671 ordinary shares in exchange for a further 10.8% of the share capital of Fintech Pte Ltd, giving a total holding of 21.6% and significant influence over the operations of Fintech; hence the investment was deemed to be sold and Fintech re-acquired as an associate. The fair value of the CoAssets shares, based on the ASX quoted 30 day prior volume weighted average price of 22.7c AUD and exchange rate on that day of 1.065, was \$1,452,253. ,

(ii) Prior to the purchase of this second tranche of shares, the directors obtained an independent external valuation of the first tranche which provided a valuation of \$3,418,914, a gain of \$2,482,967 on the original fair value of the capital issued.

(iii) The combined value of these 2 tranches of shares has been utilised as the deemed cost of the investment in the associate.

12 Trade and Other Payables

	31/12/17	30/6/17
	S\$	S\$
Trade and other payables – third parties	1,320,321	596,039
Investor deposits	68,600	341,072
Accruals	81,991	146,096
	<u>1,470,912</u>	<u>1,083,207</u>

Amounts due to investors bear interest at the rate of 3% to 10% (2016: 3% to 10%) per annum and maturity period ranging from 3 to 12 months (2016: 3 to 12 months).

13 Issued Capital

Share capital

Fully paid ordinary shares (a), (b)

	31/12/17	30/6/17
	S\$	S\$
	<u>16,346,956</u>	<u>13,508,990</u>

(a) Movement in shares – current period

(1) Fully paid ordinary shares

	Date	Number	S\$
Opening balance	1/7/17	173,493,543	13,508,990
Issuance of shares to employees	28/7/17	1,100,043	321,142
Private placement shares issued	2/10/17	4,201,680	1,064,571
Shares issued for investment (note 11))	30/10/17	6,016,671	1,452,253
Closing balance	31/12/2017	<u>184,811,937</u>	<u>16,346,956</u>

(b) Movement in shares – comparative period

(1) Fully paid ordinary shares

		Number	S\$
Opening balance	1/7/16	150,148,594	5,824,675
Issuance of shares	5/9/16	16,345,778	6,742,372
Conversion of performance rights	16/9/16	982,500	300,915
Shares issued for acquisition (note 10(ii))	15/5/17	6,016,671	935,947
Equity raising costs			(294,919)
Closing balance	30/6/2017	<u>173,493,543</u>	<u>13,508,990</u>

14 Earning per Share

The weighted average number of shares used as the denominator for the basic earnings per share calculation was 180,740,390, based on the details shown in note 13 (Half year ended 31 December 2016; 161,103,978).

The diluted Earnings per share calculation assumes that potential shares include the 2,200,095 performance rights issued on 28 July 2017, and that the employment criteria for these to vest is assumed to be have been waived. The weighted average number of shares would increase by 1,875,491 to 180,740,390. The accelerated AASB2 charge under that scenario is \$429,612, thus the diluted profit becomes S\$1,690,213.

15 Reserves

	31/12/17	30/6/17
	S\$	S\$
Share Based Payment Reserve (i)	192,782	-
Foreign currency translation reserve	(37,499)	(26,990)
	155,283	(26,990)

(i) Share Based Payment Reserve

	31/12/17	30/6/17
	S\$	S\$
Balance at beginning of the period	-	300,915
Performance shares recognised during the period	192,782	-
Transfer to share capital on issuance of Performance shares	-	(300,915)
Balance at end of the period	192,782	-

The share based payment reserve is used to recognise:

- The fair value of options issued to employees and consultants but not exercised
- The fair value of performance shares issued to employees as the charge arises in the statement of profit and loss.

On 28 July 2017 CoAssets granted 2,200,095 performance rights to employees, with vesting dates on 31 July 2018 and 31 July 2019, subject to continuing employment conditions. These are recognised based on the 30 day prior volume weighted average price of CoAssets shares (26.9c AUD) and exchange rate of 1.084 on grant date, with the charge to the statement of profit and loss occurring over the required employment periods.

	31/12/17	30/6/17
	S\$	S\$
(ii) Foreign Currency Translation Reserve		
Balance at beginning of the period	(26,990)	(89,152)
Reserve arising on translation of foreign subsidiaries	(6,845)	68,058
Non-controlling interest share of translation	(3,664)	(5,896)
Balance at end of the period	(37,499)	(26,990)

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

16 Fair Values of Financial Instruments

The carrying values of all financial assets and liabilities of the Group approximate their fair values, due to the relatively short term maturity of the financial instruments measured at amortised cost; or for investments, as the carrying amounts are equal to fair value which has been determined by using the fair value hierarchy below.

Fair value hierarchy

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The following table analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments that are not traded in an active market (for example investments in unlisted companies) are determined using valuation techniques as outlined in note 10

The carrying amounts of all financial assets and financial liabilities are estimated to approximate fair values.

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

Cash/financial liabilities and loans

The carrying amount is fair value due to the short term or liquid nature of these assets.

Receivables/payables

Due to their short-term nature, the carrying amount of the current receivables and current payables is assumed to approximate their fair value.

investment

The method of determining the fair value of investments is set out in note 10

17 Contingent Liabilities

There are no contingent liabilities at 31 December 2017 and 30 June 2017.

18 Commitments for Expenditure

There are no commitments at 31 December 2017 and 30 June 2017.

19 Events Subsequent to Reporting Date

Other than the matters discussed below, in the opinion of the directors, there has not arisen in the interval between 31 December 2017 and the date of the report any matter or circumstance that has significantly affected, or may significantly affect the Consolidated Group's operations, results or the state of affairs in future financial years:

As announced to the ASX on 18 January 2018, the Company entered to a Strategic Cooperation Agreement with EC Technology & Innovation Pte Ltd.

CoAssets Limited
Directors' Declaration
For the half year ended 31 December 2017

Directors' Declaration

In the opinion of the Directors of CoAssets Limited (the "Company"):

1. The attached consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date.
2. There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.



Getty Goh

Director

Singapore

22 February 2018

Independent Auditor's Review Report to the Members of CoAssets Limited

Report on the half year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of CoAssets Limited (the company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date a description of accounting policies, other selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year Financial Report of CoAssets Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-year Financial Report

The Directors of the Company are responsible for

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year financial report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagement ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the Half-year

We make it happen!

Independent Auditor's Review Report to the Members of CoAssets Limited

Auditor's Responsibility for the Review of the Half-year Financial Report (Cont'd)

ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001*. As auditor of CoAssets Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year Financial Report consists of making enquires, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

DFK Laurence Varnay



Faizal Ajmat
Partner
Sydney, 22 February 2018

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