



QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 30 SEPT 2018

KEY HIGHLIGHTS:

- On 26 July 2018, the Company launched the CoAssets Stirling Fort Absolute Return Fund (CASFAR Fund or Fund) by its wholly owned Singapore based subsidiary CoAssets International Pte Ltd.
- The Company released its full-year results on 24 August 2018, with total reported revenue increasing by 697% (from S\$731,349 in 2017 to S\$5,830,282 in 2018). The Group's profits for the year was S\$1,815,848, from a loss of S\$6,435,251 the previous year.
- On 21 September 2018, CASFAR entered into a contract with BMFA Group, a Singapore based Family Office, pursuant to which BMFA Group will invest US\$25million (over 11 tranches) in CASFAR.
- As the group consolidates its operations in the region, the number of registered users increased from 570,277 to 571,234. Overall active investor rate increased from 0.34% to 0.36%, with strong latent potential for user conversion in China.
- Cash and cash equivalents at the end of the quarter were S\$7.2m, down 7% from S\$7.77m at the end of last financial year.

1. OVERVIEW

CoAssets Limited ("CoAssets" or the "Company") (ASX: CA8), a financial technology platform specialising in providing funding solutions for small to medium-sized enterprises (SMEs) is pleased to provide an update on the Company's activities, alongside the Appendix 4C for the quarter ending 30 September 2018.

On 26 July 2018, the Company launched the CoAssets Stirling Fort Absolute Return Fund (**CASFAR Fund or Fund**) by its wholly owned Singapore based subsidiary CoAssets International Pte Ltd. The Fund will undertake collateralised lending and investment activities, predominantly in Singapore and Hong Kong. The Fund has a goal to grow the Assets under Management (**AUM**) to S\$100 million over the next five years. The appointed Fund Manager, Singapore based Stirling Fort Capital (**Stirling**), established in 13 April 2014, is a multi-family office with a proven track record in providing tailored and customised investment solutions. Stirling will assist CoAssets in the set up and operations of the Fund by providing the fund management services. Stirling is led by a highly accomplished management team who has accumulated a wide array of experience in the finance industry. CoAssets expects that together with Stirling, the expertise and investment techniques utilised will enable the Fund to take full advantage of investment opportunities as they arise.

The Company also released its full-year results (1 July 2017 to 30 June 2018) on 24 August 2018, with total reported revenue increasing by 697% (from S\$731,349 in 2017 to S\$5,830,282 in 2018). The Group's profit for the year was S\$1,815,848, from a loss of S\$6,435,251 the previous year. The increase was due to expanded business activities, as well as once off investment gains booked during the year. Operating expenses decreased from S\$6,200,932 in 2017 to S\$5,359,611 in 2018. This represents about S\$841,321 or 13.6% in cost savings.

On 21 September 2018, CASFAR entered into a contract with BMFA Group (**BMFA**), a Family Office based in Singapore. Pursuant to this contract, BMFA will invest US\$25million in CASFAR in 11 tranches

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of at least US\$2m each up to October 2019. In return, BMFA will be issued Class B Preference shares in CASFAR. BMFA is an independent financial advisory company that serves high net worth executives, professionals and entrepreneurs in Southeast Asia. The investment by BMFA will enable the Fund to pursue its objective of collateralised lending by engaging in SME bridging loans with tenures that are generally less than 12 months. SMEs who take up these loans will pledge hard assets or allow the Fund to have a charge over earnings or contract receivables. This makes it unlikely for the Fund to be affected by the equities or interest rate markets. The investment will take CASFAR's AUM to about S\$40million once the contract is fulfilled.

In terms of cash management for this quarter, there was a S\$1.08m net usage of cash in operating activities, a net \$7.3m used in providing loans and a net inflow from borrowings of \$7.8m. The issuance of CoAssets promissory notes into the Singapore retail market continues to be a successful avenue for fund raising, the proceeds of which are predominantly channeled to new lending.

1.1 Growing User base

The Company has continued to attract new users to its crowdfunding platforms through various direct and indirect marketing channels, with total users increasing from 570,277 to 571,234 (0.17% increase). The Company expects user growth to grow organically as it consolidates its operations to focus more on investor conversion.

1.2 Singapore Operations

A mature market for the Company, during the quarter, registered users in Singapore increased by 414 (a 0.69% increase from the last quarter). This growth can be attributed to ongoing marketing activities and member engagement efforts. In addition, the Company focused on its Short-Term Loans (STL) product to corporates in need of funding. The funds raised during this quarter was about S\$10.2M.

1.3 China Operations

In China, the Company continued to ramp up efforts to grow and diversify its portfolio of projects on the platform successfully raising funds of 17,486,984 RMB. Growth in registered users has stabilised, increasing marginally by 543 from 510,169 in the last quarter. The Company also worked closely with the local authorities in applying for the relevant financial licenses and undergoing a series of audits. The Company will continue efforts to enhance its platform and processes in compliance with local regulatory requirements.

2. OPERATIONAL SUMMARY

2.1 Registered User Growth – July 2018 to September 2018

From 1 July 2018 to 30 September 2018, the total number of registered users for CoAssets Group grew by approximately 0.17% to 571,234. See the breakdown for user growth in Figure 1.

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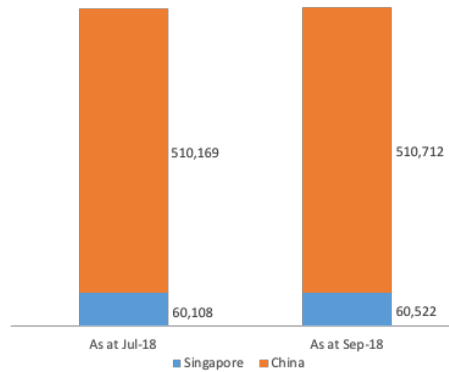
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Figure 1: Quarterly User Base Growth (1 July 2018 to 30 September 2018)



2.2 Active User Conversion – July 2018 to September 2018

The overall user conversion rate for the group was 0.36%. Compared to the last quarter, there was an increase of 0.02% brought about by more investment opportunities offered in Singapore and China. Going forward, the Company will focus more on investor conversion to capitalise on the strong latent potential for investor growth in its user base.

Figure 2: Active User Conversion (1 Jul 2018 to 30 Sep 2018)

<u>Regions/ Month</u>	User Base (#)		Active Investors (%)	
	As at 1-Jul-18	As at 30-Sep-18	As at 1-Jul-18	As at 30-Sep-18
Singapore	60,108	60,522	2.33	2.36
China	510,169	510,712	0.10	0.12
Total	570,277	571,234	0.34	0.36

2.3 Capital management

Cash and cash equivalents at the end of the quarter were S\$7.2m, down 7% from S\$7.77m at the end of last financial year. There were some one-off outflows within administrative costs relating to the set up of the CASFAR Fund and staff costs increased as the Company invested in further IT development personnel. During the quarter, the Company raised a further S\$12.1m, through CASFAR and its more traditional CoAssets Promissory Note program, with only S\$4.3m repaid to investors. The net increase in available funds was deployed to increase lending by a corresponding \$7.2m. Some variability in customer receipts and interest income flows remain on a cash flow basis, primarily due to the structure and timing of loan fee and interest repayments. Measured on the 'smoothed over-life' basis of recognition under the new revenue accounting standard (AASB 15), interest and fee revenue continues to increase in line with the loan book.

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CEO and Co-Founder of CoAssets, Mr. Getty Goh commented:

“CASFAR will add further value to our crowdfunding investor base and better serve the investment appetite our accredited investors. We have been actively growing our corporate loan book and are optimistic in applying what we have learned on CASFAR and help our investors generate returns.”

“We are also extremely humbled that BMFA Group has decided to invest in CASFAR. The US\$25million investment will allow us to invest in more high yielding securitized deals that will in turn generate good returns for our investors and the Company.”

“Separately, this is a clear indication that investors continue to believe in CoAssets and we have seen that many of them are enthused by the recent good results that the Group has shown. With this investment, the total AUM for CASFAR will be about S\$40million – this is a very good start, considering that the fund was only launched 2 months ago. On the back of this, the team believes that they will be able to build on this momentum to bring CASFAR as well as CoAssets to greater heights.”

-END-

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About CoAssets Ltd

CoAssets (www.coassets.com) is one of South East Asia's leading fintech company, which is headquartered in Singapore and listed on the Australian Securities Exchange (ASX). Its subsidiary CoAssets Pte Ltd is licensed by the Monetary Authority of Singapore (MAS). Officially launched in Singapore in July 2013, the Group currently has more than 550,000 registered users and the amount successfully funded stands at more than S\$60 million (US\$45 million). The company won the Red Herring Top 100 Asia Award for 2014, as well as OPP Gold Award for Excellence and currently has offices in Singapore, Australia, China, Malaysia and Indonesia

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

CoAssets Limited

ABN

57 604 341 826

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter SGD \$'000	Year to date (3 months) SGD \$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	683	683
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(16)	(16)
(d) leased assets	(13)	(13)
(e) staff costs	(785)	(785)
(f) administration and corporate costs	(965)	(965)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	312	312
1.5 Interest and other costs of finance paid	(291)	(291)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(2)	(2)
1.9 Net cash from / (used in) operating activities	(1,077)	(1,077)

Item 1.8: change in crowdfunding investor deposits held on trust

2 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(65)	(65)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows	Current quarter SGD \$'000	Year to date (3 months) SGD \$'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(7,204)	(7,204)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(7,269)	(7,269)

Item 2.3: advances net of repayments of loans to customers

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	12,101	12,101
3.6 Repayment of borrowings	(4,269)	(4,269)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	7832	7832

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	7,770	7,770
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,077)	(1,077)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(7,269)	(7,269)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	7,832	7,832

Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter SGD \$'000	Year to date (3 months) SGD \$'000
4.5	Effect of movement in exchange rates on cash held	(39)	(39)
4.6	Cash and cash equivalents at end of quarter	7,217	7,217

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter SGD \$'000	Previous quarter SGD \$'000
5.1 Bank balances	7,217	0
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,217	0

6 Payments to directors of the entity and their associates

	Current quarter SGD \$'000
6.1 Aggregate amount of payments to these parties included in item 1.2	80
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director salaries

7 Payments to related entities of the entity and their associates

	Current quarter SGD \$'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Quarterly report for entities subject to Listing Rule 4.7B

8	Financing facilities available	Total facility amount at quarter end SGD \$'000	Amount drawn at quarter end SGD \$'000
	<i>Add notes as necessary for an understanding of the position</i>		
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9.	Estimated cash outflows for next quarter	SGD\$'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	(20)
9.4	Leased assets	(10)
9.5	Staff costs	(785)
9.6	Administration and corporate costs	(765)
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	(1,580)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date:

31 October 2018

(Director)

Print name: Getty Goh

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.