



AYONDO LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201728417D)

**UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2019**

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as ascribed to them in the Offer Document of the Company dated 15 March 2018 (the “Offer Document”).

ayondo Ltd. (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 26 March 2018. The initial public offering (“**IPO**”) of the Company was sponsored by UOB Kay Hian Private Limited (the “**Sponsor**”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr Gregory Wee Toon Lee, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

Background

The Company was incorporated in Singapore on 4 October 2017 under the Companies Act as a private company limited by shares under the name of “ayondo Pte. Ltd.”. The Company was subsequently renamed to “ayondo Ltd.” on 23 February 2018 in connection with the conversion to a public company limited by shares.

Prior to the listing on the Catalist of the SGX-ST on 26 March 2018, the Company undertook a corporate restructuring (the “**Restructuring Exercise**”) to rationalise and streamline the Company corporate structure. Please refer to the Offer Document for further details on the Restructuring Exercise.

The above Restructuring Exercise has been accounted for by applying the pooling of interests method for the purposes of the financial statements for the first quarter ended 31 March 2018. Accordingly, the assets and liabilities of the entities transferred have been included in the Group’s balance sheet as of 31 March 2018 at their carrying amounts.

Subsequent to the end of the first quarter ended 31 March 2019, as disclosed in the announcement dated 6 June 2019, the disposal of the entire issued shares of ayondo Markets Limited (“**Disposal**”) was completed on 5 June 2019. The effect of Disposal (which was completed after 31 March 2019) is not reflected in the Group’s financial results for the first quarter ended 31 March 2019 and financial position as at 31 March 2019.

Summary of business performance – Q1 2019 v Q1 2018

The first quarter ended 31 March 2019 (“**Q1 2019**”) results show a fall in the number of active clients (down 32%) from 30,539 in the first quarter ended 31 March 2018 (“**Q1 2018**”) to 20,624 in Q1 2019. Trading revenue decreased by 69% from CHF 7.29 million in Q1 2018 to CHF 2.26 million in Q1 2019.

Average trading revenue per client fell by 54% from CHF 239 in Q1 2018 to CHF 110 in Q1 2019. The decrease in average trading revenue per active client was attributable to reduced marketing activities to control costs, extremely low volatility which reduced trading opportunities and the continued impact of regulatory changes. Both of which have impacted all client segments.

	Three months ended		+/-%
	31.03.2019	31.03.2018	
Number of active clients	20,624	30,539	-32%
Trading revenue (CHF '000s)	2,259	7,293	-69%
Average revenue per active client (CHF)	110	239	-54%

The Group spent additional resources in Q1 2018 around the IPO process to ensure that the Company was prepared for being listed.

Loss before tax, excluding non-recurring costs such as costs of financing debt, IPO costs and accelerated costs arising from the 2018 ayondo employee share option scheme (“**ESOS**”), increased by CHF 2.2 million from CHF 1.21 million in Q1 2018 to CHF 3.40 million in Q1 2019. Year-on-year quarterly net revenues were CHF 2.5 million lower but total operating costs (excluding IPO costs) only slightly lower by CHF 88,000. This was mainly due to the combined effect of decreased staff costs, premises costs and marketing costs at a lower level of revenue and increased legal and professional costs.

	Three months ended	
	31.03.2019	31.03.2018
	CHF ('000)	CHF ('000)
Loss before tax	(3,399)	(6,451)
<u>Add back:</u>		
Cost of financing debt	6	2,957
IPO costs expensed	-	1,882
ESOS accelerated into Q1 2018	-	398
Loss before tax before above items	(3,393)	(1,214)

Costs of financing debt of CHF 3.0 million in Q1 2018 relate to the financing charges associated with convertible bonds and loans from related parties, the significant majority of which were converted to equity or repaid after the IPO.

- IPO costs of CHF 1.9 million in Q1 2018 relate to costs incurred as a direct consequence of work on the IPO transaction and are therefore one-off in nature.
- The vesting period of options granted to employees in the employee share option scheme was accelerated to March 2018 due to the modification of the employee share option scheme as part of the IPO. As a consequence, share option costs of CHF 0.4 million originally due to be expensed in future reporting periods were accelerated into Q1 2018. These costs did not recur in Q1 2019.

1(a)(i) Consolidated income statement – Q1 2019 v Q1 2018

	Group		Increase/ (Decrease) %
	31.03.2019 (unaudited) CHF'000	31.03.2018 (unaudited) CHF'000	
Trading revenue	2,259	7,293	(69%)
Fees, rebates, client bonuses and betting duty tax	(1,662)	(4,160)	(76%)
Net operating income	597	3,133	(81%)
Other income	8	15	(47%)
Staff expenses	(1,557)	(2,087)	(25%)
Marketing expenses	(69)	(445)	(84%)
Other operating expenses	(2,372)	(2,228)	6%
IPO costs	-	(1,882)	n.m.
Operating loss	(3,393)	(3,494)	(3%)
Net finance costs	(6)	(2,957)	(99%)
Loss before tax	(3,399)	(6,451)	(47%)
Income tax credit	142	145	(2%)
Loss for the quarter, net of tax	(3,257)	(6,306)	(48%)
Loss for the quarter, net of tax, attributable to:			
Equity holders of the Company	(3,252)	(6,302)	(48%)
Non-controlling interests	(3)	(4)	25%
	(3,255)	(6,306)	(48%)
1(a)(i) Consolidated statement of comprehensive income			
Other comprehensive loss:			
Foreign currency translation	176	(4)	n.m.
Actuarial losses on defined benefit plans	-	5	n.m.
Total comprehensive loss for the quarter, net of tax	(3,079)	(6,305)	(51%)
Total comprehensive loss, attributable to:			
Equity holders of the Company	(3,075)	(6,300)	(51%)
Non-controlling interests	(4)	(5)	0%
	(3,079)	(6,305)	(51%)

n.m. – not meaningful

1(a)(ii) Notes to consolidated statement of comprehensive income – Q1 2019 v Q1 2018

The following items have been included in arriving at loss before tax:

	Group Quarter ended		Increase/ (Decrease) %
	31.03.2019 CHF'000	31.03.2018 CHF'000	
Depreciation of property, plant and equipment	19	23	(17%)
Amortisation of intangibles	2	304	(99%)
IT costs and research expenses	476	423	13%
Operating lease expenses - premises	128	154	(17%)
Operating lease expenses - IT	55	75	(27%)
Net foreign exchange (gain)/ loss	(298)	242	n.m.
Finance costs on loans from related parties	5	14	(64%)
Finance costs on convertible bonds	-	2,943	n.m.
Issuance of adjustment shares for CB conversion	-	1,869	n.m.
Interest income on loans and receivables	-*	-*	n.m.
Changes in fair value of embedded derivatives of convertible bonds	-	(2,197)	n.m.
Legal, regulatory, consultancy and other professional fees, net of IPO costs	1,164	547	113%

n.m. – not meaningful

* Less than CHF 1,000

1(b)(i) Balance Sheets

	Group		Company	
	31.03.2019 (unaudited) CHF'000	31.12.2018 (audited) CHF'000	31.03.2019 (unaudited) CHF'000	31.12.2018 (audited) CHF'000
ASSETS				
<i>Non-current assets</i>				
Property, plant and equipment	43	59	-	-
Intangible assets	18	19	-	-
Total non-current assets	61	78	-	-
<i>Current assets</i>				
Trade and other receivables	33,963	32,129	21	26
Cryptocurrency assets	318	291	-	-
Derivative financial instruments	48	42	-	-
Cash and bank balances	923	1,594	4	4
Amount due from subsidiaries	-	-	997	-
Total current assets	35,252	34,056	1,022	30
Total assets	35,313	34,134	1,022	30
LIABILITIES AND EQUITY				
<i>Current liabilities</i>				
Short-term loans	997	-	997	-
Trade and other payables	44,901	40,021	2,446	2,922
Loans from related parties	294	291	-	-
Derivative financial instruments	333	1,940	-	-
Bank overdraft	43	62	-	-
Total current liabilities	46,568	42,314	3,443	2,922
<i>Non-current liabilities</i>				
Employee benefit liabilities	103	99	-	-
Total non-current liabilities	103	99	-	-
Total liabilities	46,671	42,413	3,443	2,922
<i>Equity</i>				
<i>Equity attributable to owners of the Company:</i>				
Share capital	32,450	32,450	32,450	32,450
Merger reserve	50,536	50,536	-	-
Other reserves	(585)	(762)	2,988	2,988
Accumulated losses	(93,710)	(90,458)	(37,859)	(38,330)
	(11,309)	(8,234)	(2,421)	(2,892)
Non-controlling interests	(49)	(45)	-	-
Total equity	(11,358)	(8,279)	(2,421)	(2,892)
Total liabilities and equity	35,313	34,134	1,022	30

* Less than CHF 1,000

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Unaudited financial statements for the first quarter ended 31 March 2019

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

Amount repayable by the Group in one year or less, or on demand

As at 31 March 2019		As at 31 December 2018	
CHF'000		CHF'000	
Secured	Unsecured	Secured	Unsecured
-	1,334	-	353

Amount repayable by the Group after one year

As at 31 March 2019		As at 31 December 2018	
CHF'000		CHF'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of collateral

There were no secured borrowings as at 31 March 2019 and 31 December 2018.

1(c) Consolidated statement of cash flows

	Group 3 months ended 31.03.2019 (unaudited) CHF'000	Group 3 months ended 31.03.2018 (unaudited) CHF'000
<u>Cash flows from operating activities</u>		
Loss before tax	(3,399)	(6,451)
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	19	23
Amortisation of intangibles	2	304
Employee share based payments	-	464
Changes in fair value of embedded derivatives of convertible bonds	-	(2,197)
Unrealised gain on derivatives	(1,677)	(149)
Pension costs	4	15
Interest income on loans and receivables	-*	-*
Finance costs	6	2,957
Issuance of adjustment shares for CB conversion	-	1,869
Unrealised exchange gain/(loss)	267	(192)
Operating cash flows before changes in working capital	(4,778)	(3,357)
(Increase)/decrease in trade and other receivables	(617)	6,407
Increase/(decrease) in trade and other payables	3,722	(5,085)
Cash flows used in operations	(1,673)	(2,035)
Interest paid	(6)	(1)
Interest received	-*	-*
Net cash used in operating activities	(1,679)	(2,036)
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment & intangibles	-	(35)
Capitalisation of internally generated intangibles	-	(368)
Net cash used in investing activities	-	(403)
<u>Cash flows from financing activities</u>		
Proceeds from issue of new shares	-	15,179
Receipts of short-term loans	997	-
Repayment of convertible bonds	-	(4,039)
Net cash generated from financing activities	997	11,140
Net (decrease)/increase in cash and cash equivalents	(682)	8,701
Effects of exchange rate changes on cash and cash equivalents	30	88
Cash and cash equivalents at the beginning of the period	1,532	881
Cash and cash equivalents at the end of the period	880	9,670
<u>For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the statement of financial position date:</u>		
Cash and bank balances	923	9,869
Less: Bank overdraft	(43)	(199)
Total cash and cash equivalents	880	9,670

* Less than CHF 1,000

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Unaudited financial statements for the first quarter ended 31 March 2019

1(d)(i) Statement of changes in equity

Attributable to equity holders of the Company

Group (unaudited)	Attributable to equity holders of the Company									
	Share capital CHF'000	Merger Reserve ⁽¹⁾ CHF'000	Foreign currency translation reserve CHF'000	Employee share option reserve CHF'000	Gain on reissuance of treasury shares CHF'000	Premium paid on acquisition of non-controlling interest CHF'000	Accumulated losses CHF'000	Total CHF'000	Non-controlling interests CHF'000	Total CHF'000
At 1 January 2018 (as previously stated)	50,006	-	(491)	2,524	92	(3,153)	(40,079)	8,899	(23)	8,876
Effect of adoption of IFRS 9 ⁽²⁾	-	-	-	-	-	-	(304)	(304)	-	(304)
At 1 January 2018 (as restated)	50,006	-	(491)	2,524	92	(3,153)	(40,383)	8,595	(23)	8,572
Loss for the period	-	-	-	-	-	-	(6,302)	(6,302)	(4)	(6,306)
<u>Other comprehensive income/(loss)</u>										
Actuarial gains on measurement of post-employment benefit plan, net of tax	-	-	-	-	-	-	5	5	-	5
Foreign currency translation	-	-	(3)	-	-	-	-	(3)	(1)	(4)
Other comprehensive income/(loss) for the period	-	-	(3)	-	-	-	5	2	(1)	1
<u>Contributions by and distributions to owners</u>										
Merger reserve arising from the restructuring exercise	(50,006)	50,098	-	-	(92)	-	-	-	-	-
Share swap pursuant to the restructuring exercise	12,314	(12,314)	-	-	-	-	-	-	-	-
Capital contribution	-	12,752	-	-	-	-	-	12,752	-	12,752
Conversion of debt instruments	3,161	-	-	-	-	-	-	3,161	-	3,161
Issuance of shares pursuant to IPO	15,179	-	-	-	-	-	-	15,179	-	15,179
Issuance of adjustment shares to CB conversion	1,869	-	-	-	-	-	-	1,869	-	1,869
Capitalised IPO costs	(251)	-	-	-	-	-	-	(251)	-	(251)
Modification of employee share option scheme	-	-	-	398	-	-	-	398	-	398
Grant of share options to employees	-	-	-	66	-	-	-	66	-	66
Total contributions by and distributions to owners	(17,734)	50,536	-	464	(92)	-	-	33,174	-	33,174
At 31 March 2018	32,272	50,536	(494)	2,988	-	(3,153)	(46,680)	35,469	(28)	35,441

Notes:

(1) The merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries under common control are accounted for by applying the pooling of interest method.

(2) The fair value adjustment to investment securities as a result of the initial application of IFRS 9.

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 Unaudited financial statements for the first quarter ended 31 March 2019

1(d)(i) Statement of changes in equity (continued)

Group (unaudited)	Attributable to equity holders of the Company									
	Share capital CHF'000	Merger Reserve ⁽¹⁾ CHF'000	Foreign currency translation reserve CHF'000	Employee share option reserve CHF'000	Gain on reissuance of treasury shares CHF'000	Premium paid on acquisition of non-controlling interest CHF'000	Accumulated losses CHF'000	Total CHF'000	Non-controlling interests CHF'000	Total CHF'000
At 1 January 2019	32,450	50,536	(597)	2,988	-	(3,153)	(90,458)	(8,234)	(45)	(8,279)
Loss for the period	-	-	-	-	-	-	(3,252)	(3,252)	(3)	(3,255)
<u>Other comprehensive income/(loss)</u>										
Foreign currency translation	-	-	177	-	-	-	-	177	(1)	176
Other comprehensive income/(loss) for the period	-	-	177	-	-	-	-	177	(1)	176
At 31 March 2019	32,450	50,536	(420)	2,988	-	(3,153)	(93,710)	(11,309)	(49)	(11,358)

(1) The merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries under common control are accounted for by applying the pooling of interest method.

1(d)(i) Statement of changes in equity (continued)

	Share capital CHF' 000	Employee share option reserve CHF' 000	Retained earnings CHF' 000	Total equity CHF' 000
Company (unaudited)				
At 1 January 2018	– *	–	–	– *
Loss for the year, representing total other comprehensive income for the period	–	–	(3,243)	(3,243)
<u>Contributions by and distribution to owners</u>				
Share swap pursuant to the restructuring exercise	12,314	–	–	12,314
Conversion of debt instruments	3,161	–	–	3,161
Issuance of shares pursuant to IPO	15,179	–	–	15,179
Issuance of adjustment shares to CB conversion	1,869	–	–	1,869
Deferred IPO costs	(251)	–	–	(251)
Transfer of employee share option	–	2,524	–	2,524
Modification of employee share option scheme	–	398	–	398
Grant of share options to employee	–	66	–	66
At 31 March 2018	32,272	2,988	(3,243)	32,017

	Share capital CHF'000	Employee share option reserve CHF'000	Accumulated Losses CHF'000	Total equity CHF'000
Company (unaudited)				
At 1 January 2019	32,450	2,988	(38,330)	(2,892)
Profit for the period, representing total other comprehensive profit for the period	–	–	471	471
At 31 March 2019	32,450	2,988	(37,859)	(2,421)

* Less than CHF 1,000

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

Issued and fully paid ordinary shares of the Company

	No. of issued shares	Issued and paid-up share capital (S\$)
Balance as at 31 December 2018	509,785,570	43,058,007
Balance as at 31 March 2019	509,785,570	43,058,007

Details of convertibles

Options had been granted by ayondo Holding AG (“**ayondo AG**”) to employees, directors and consultants of ayondo AG and its subsidiaries and certain third parties, giving them the right to purchase 95,270 shares in ayondo AG (“**AG options**”). On 12 March 2018, the Company granted pre-IPO options to replace the AG options. As at 31 March 2018, there were pre-IPO options granted on 51,445,800 shares of the Company.

As at 31 December 2018, there were pre-IPO options granted on 47,017,800 shares of the Company. During Q1 2019, no pre-IPO options lapsed. As at 31 March 2019, there were outstanding pre-IPO options granted on 47,017,800 shares of the Company. Please refer to page 205 to 208 of the Offer Document for details on the pre-IPO options.

Save for the above, the Group had no outstanding convertibles as at 31 March 2018 and 31 March 2019.

Details of treasury shares and subsidiary holdings

The Company did not have any treasury shares and subsidiary holdings as at 31 March 2019 and 31 March 2018.

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.

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 are as follows:

	As at 31 March 2019	As at 31 December 2018
Total number of issued shares (excluding treasury shares) *	509,785,570	509,785,570

* The Company did not have any treasury shares as at 31 March 2019 and 31 December 2018.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures presented above have not been audited or reviewed by the Company's 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.

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the most recently audited consolidated financial statements for the financial year ended 31 December 2018.

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 financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2018, except for the adoption of IFRS 16/ SFRS(I) 16 Leases. The adoption of IFRS 16/ SFRS (I)16 Leases does not have any material impact on the financial statements of the Group and the Company for the current financial period under review.

6. Loss per ordinary share

	The Group	
	First Quarter ended	
	31.03.2019	31.03.2018
Loss attributable to owners of the Company (CHF '000)	(3,252)	(6,302)
Weighted average number of ordinary shares ('000)	509,786	167,555
Basic loss per share ("LPS") (CHF)	(0.006)	(0.04)
Diluted LPS ⁽¹⁾	<u>(0.006)</u>	<u>(0.04)</u>

For illustrative purposes⁽²⁾	The Group	
	First Quarter ended	
	31.03.2019	31.03.2019
Loss attributable to owners of the Company (CHF '000)	(3,252)	(6,302)
Number of ordinary shares in issue ('000)	509,786	509,786
Basic LPS (CHF)	(0.006)	(0.012)
Diluted LPS ⁽¹⁾	<u>(0.006)</u>	<u>(0.012)</u>

Notes:

- (1) There is no change between basic and diluted LPS as the Group was loss-making for the respective periods
(2) For comparative purposes, the LPS for the respective financial periods have been computed based on the loss attributable to owners of the Company and share capital of 509,785,570 shares as at 31 March 2019.

7. Net asset value per ordinary share:-

	The Group		The Company	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Net asset value (CHF'000)	(11,309)	(8,279)	(2,421)	(2,892)
Number of ordinary shares in issue ('000)	509,786	509,786	509,786	6
Net asset value per ordinary share based on issued share capital (CHF)	<u>(0.02)</u>	<u>(0.02)</u>	<u>(0.005)</u>	<u>(0.01)</u>

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.

REVIEW OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Review of Group's performance for the first quarter ended 31 March 2019 ("Q1 2019") as compared to the first quarter ended 31 March 2018 ("Q1 2018")

Trading revenue

- Trading revenue decreased by 69% from CHF 7.3 million in Q1 2018 to CHF 2.3 million in Q1 2019 due to decrease in the number of active clients (30,539 in Q1 2018 and 20,624 in Q1 2019). The decrease in revenue was attributable to extremely low Q1 2019 volatility compared to Q1 2018 and the continued impact of 2018 regulatory changes affecting the CFD markets generally and the Group's all customer segments (as explained in the Company's circular to shareholders dated 19 May 2019).

Revenue by customer profile	Q1 2019		Q1 2018	
	CHF'000	% of total revenue	CHF'000	% of total revenue
Self-Directed	411	18%	725	10%
Social	425	19%	1,145	16%
Casual	1,864	82%	3,659	50%
Introduced	554	25%	1,815	25%
Other	(995)	(44%)	(51)	(1%)
Total	2,259	100%	7,293	100%

Other revenue mainly represents our hedging activity.

- Average revenue per active client decreased by 54% from CHF 239 in Q1 2018 to CHF 110 in Q1 2019 resulting from reduced marketing activities to control costs, aforementioned lower market volatility and regulatory changes.
- There was a 32% decrease in active clients to 20,624 active clients during Q1 2019 compared to 30,539 active clients during Q1 2018 due to reduced marketing activities to control costs.

	Three months ended		
	31.03.2019	31.03.2018	+/-%
Number of active clients	20,624	30,539	-32%
Trading revenue (CHF '000s)	2,259	7,293	-69%
Average revenue per active client (CHF)	110	239	-54%

Fees, rebates, client bonuses and betting duty tax

Fees, rebates, client bonuses and betting duty tax decreased from CHF 4.2 million in Q1 2018 to CHF 1.7 million in Q1 2019, representing a decrease of 60%. This was predominantly due to the decrease in trading revenue in Q1 2019 plus a reduction in the amount of bonus earned by clients from all segments as a result of lesser active clients.

Other income

Other income comprises non-trading adjustments to rebates. Other income amounted to CHF 8,000 for Q1 2019 compared to CHF 15,000 for Q1 2018. The decrease in other income was due to reduction of non-trading adjustments corresponding to a lower level of rebates.

Staff expenses

Staff expenses comprise mainly employee salary, social security, pension costs and performance related pay.

Staff expenses accounted for 69% and 29% of the Group's trading revenue in Q1 2019 and Q1 2018 respectively. Staff expenses amounted to CHF 1.56 million for Q1 2019 compared to CHF 2.09 million for Q1 2018. The decrease in staff expenses is attributable to the streamlining of business operations resulting in downsizing workforce since 2018 as well as the absence of accelerated ESOS charge.

Marketing expenses

Marketing expenses comprise mainly advertising expenses, event costs and other marketing costs.

Marketing expenses accounted for 3% and 6% of the Group's trading revenue in Q1 2019 and Q1 2018 respectively. Marketing expenses amounted to CHF 0.07 million for Q1 2019 compared to CHF 0.45 million for Q1 2018. The decrease in marketing expenses is attributable to the need for the Group to control costs and preserve cash as it awaits the sale of ayondo Markets Limited ("AML"), an indirect subsidiary of the Group which is regulated by Financial Conduct Authority ("FCA") in the United Kingdom ("UK") and also the main operating subsidiary of the Group and further refinancing of the remainder of the Group.

Other operating expenses

Other operating expenses comprise mainly legal, regulatory, consultancy and other professional fees, premises costs, IT costs, depreciation expense, amortisation expense, net foreign exchange gain/loss, and other administrative expenses. Other operating expenses accounted for 105% and 31% of the Group's trading revenue in Q1 2019 and Q1 2018 respectively. Other operating expenses increased from CHF 2.22 million in Q1 2018 to CHF 2.37 million in Q1 2019 due mainly to the following:

Legal, regulatory, consultancy and other professional fees, net of IPO costs

The legal, regulatory, consultancy and other professional fees increased by CHF 0.62 million due mainly to the increase in external and internal audit fees following the Group's listing in FY2018, the increase in Financial Conduct Authority UK regulatory fees, the increase in compliance costs relating to client sanctions checking for new clients and ongoing legal and compliance projects and significant fees relating to the proposed Group restructuring (sale of AML and refinancing).

Premises costs

Premises costs decreased by CHF 15,000 in Q1 2019 due to termination of the lease of the office in Singapore since Q4 2018.

IT costs

IT costs increased by CHF 53,000 in Q1 2019 due mainly to higher costs incurred for trading platform maintenance and server costs since Q2 2018

Depreciation of property, plant and equipment

The depreciation of property, plant and equipment remained relatively stable at CHF 0.02 million in Q1 2019 and Q1 2018.

Amortisation of intangibles

The amortisation of intangibles decreased by CHF 0.3 million in Q1 2019 following the full impairment of capitalised software development costs in financial year ended 31 December 2018 (“FY2018”).

Net foreign exchange gain

The largest variation was in net foreign exchange. There was a net foreign exchange gain of CHF 0.3 million in Q1 2019 compared to a loss of CHF 0.2 million in Q1 2018 due to fluctuations in the global foreign currency exchange rates on assets and liabilities. This contributed a net swing of CHF 0.5 million from Q1 2018 to Q1 2019.

Other administrative expenses

Other administrative expenses increased by CHF 0.2 million in Q1 2019 due mainly to expensing of development costs of IT platforms incurred in Q1 2019 following the impairment of the relevant intangible assets in FY 2018.

IPO costs

IPO expenses of CHF 1.9 million were incurred in Q1 2018. Such expenses did not recur in Q1 2019.

Finance costs

Finance costs comprise mainly interest payable on convertible bonds issued and loans from related parties.

The decrease in finance costs on convertible bonds from CHF 2.9 million in Q1 2018 to CHF nil in Q1 2019 is due to the convertible bond liabilities being fully settled in Q1 2018 through the conversion of the convertible bonds into Shares during the IPO. As such, there were no finance costs related to convertible bonds in Q1 2019.

Income tax credit

Income tax credit relates to a tax credit received in compliance with the UK tax regulation, where certain expenditure on research and development qualifies for tax credit. The application is usually filed in the following year and payment is processed after examination.

Income tax credit amounted to CHF 0.14 million in both Q1 2018 and Q1 2019.

REVIEW OF FINANCIAL POSITION

Review of the Group’s financial position as at 31 March 2019 as compared to 31 December 2018

Non-current assets

The Group’s non-current assets comprised property, plant and equipment, and intangible assets.

Property, plant and equipment decreased from CHF 0.06 million as at 31 December 2018 to CHF 0.04 million as at 31 March 2019 due mainly to depreciation charged during the period.

Intangible assets are stable in the sum of CHF 19,000 as at 31 March 2019 and 31 December 2018. The intangible assets amounted to 29% of the total non-current assets and comprised mainly the software licences owned by the Group.

Current assets

The Group’s current assets comprised trade and other receivables, derivative financial instruments as well as cash and cash equivalents.

Trade and other receivables increased from CHF 32.1 million as at 31 December 2018 to CHF 33.9 million as at 31 March 2019 due mainly to an increase in segregated client funds resulting from large clients' gain on trading positions in January 2019. As at 31 March 2019, trade and other receivables comprised (i) segregated client funds of CHF 28.1 million; (ii) amount due from brokers of CHF 4.2 million; (iii) tax claim of 0.6 million; (iv) other receivables of CHF 0.4 million; and (v) prepayments and property rental deposits of CHF 0.6 million. Cryptocurrency assets remain relative stable at CHF 0.3 million as at 31 March 2018 and 31 March 2019.

Derivative financial instruments increased from CHF 0.04 million as at 31 December 2018 million to CHF 0.05 million as at 31 March 2019 due to an increase in the unrealised gain position on futures held to hedge client market exposures in accordance with the Group's market risk management policy.

Cash and cash equivalents decreased from CHF 1.6 million as at 31 December 2018 to CHF 0.9 million as at 31 March 2019.

Current liabilities

The Group's current liabilities comprised mainly short-term loans, trade and other payables, loans from related parties, derivative financial instruments and bank overdraft.

Trade and other payables increased from CHF 40.0 million as at 31 December 2018 to CHF 44.9 million as at 31 March 2019 mainly due to the increase in client funds through the period funds resulting from large clients' gain on trading positions in January 2019. As at 31 March 2019, trade and other payables comprised of (i) client funds of approximately CHF 37.9 million relating to amounts owed to clients; (ii) provision and accruals of CHF 2.9 million relating to amounts due to trading partners and general operating expense accruals in the ordinary course of business; (iii) trade payables of CHF 3.7 million; and (iv) other payables of CHF 0.4 million. Higher provisions, accruals and trade payables (CHF 1.8 million higher than at 31 December 2018), which resulted largely from withholding settlements of rebates generated from clients' trades due to BUX Holdings B.V., the buyer of AML and service fees due to a IT service provider incurred in Q1 2019 that have been settled following the completion of disposal of AML in June 2019.

Loans from related parties remained at CHF 0.29 million as at 31 December 2018 and 31 March 2019. Repayment of the loan from related parties was due on 31 December 2018. The Group is presently in negotiation with the lender on the repayment date.

Derivative financial instruments decreased from CHF 1.94 million as at 31 December 2018 to CHF 0.3 million as at 31 March 2019 due to a decrease in the unrealised loss position on futures held to hedge client market exposures in accordance with the Group's market risk management policy.

Non-current liabilities

Employee benefit liabilities relate to the mandatory pension scheme in Switzerland and remained stable at CHF 0.1 million as at 31 December 2018 and as at 31 March 2019.

Negative working capital and Net liability position

Negative working capital deteriorated from CHF 8.3 million as at 31 December 2018 to CHF 11.3 million as at 31 March 2019. Net liability position deteriorated from CHF 8.3 million as at 31 December 2018 to CHF 11.4 million as at 31 March 2019.

As stated above the proposed sale of AML will reduce working capital significantly (the sale of AML involves the purchaser assuming CHF 7.4 million (£5.7 million) owed by the other members of the Group to AML). The Board is undertaking a number of actions described in the section below to restructure the Group's business following its disposal of AML.

The Group is actively pursuing with potential investors/partners for its social trading business which arise from existing B2B relationships where interest has been expressed, subject to regulatory approval, to develop social trading, whether in Asia or in Europe and elsewhere. Aligned to this, the Group is exploring different business models which leverage on ayondo's social trading technology and intellectual property. The Group is also actively pursuing revenue streams from new businesses which are related to financial technology.

The Company is raising funds to execute the opportunities described above that could satisfy the going concern and business viability issues and will make the necessary announcements at the appropriate time.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash used in operating activities

In Q1 2019, the Group recorded a net cash outflow from operating activities of CHF 1.7 million, which comprised operating cash outflow before changes in working capital of approximately CHF 4.8 million and net working capital inflow of CHF 3.1 million.

Net cash used in investing activities

In Q1 2019, the Group did not incur any cash outflow from investing activities

Net cash generated from financing activities

In Q1 2019, the Group recorded cash inflows of CHF 1.0 million from financing activities due to the receipt of short-term loans from Golden Nugget Jinzhuang Limited ("iMaibo") and a third-party investor procured by iMaibo.

As at 31 March 2019, cash and cash equivalents amounted to CHF 0.9 million.

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

Not applicable. The Group has not previously disclosed any forecast or prospect statements to its shareholders.

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 financial performance of the Group in 2018 was negatively impacted by various factors, including (i) regulatory changes relating to product intervention imposed by the European and UK regulators in 2018, (ii) unfavourable trading conditions in the Group's core CFD due mainly to low market volatility and (iii) the Group's reduced marketing expenditure. These factors have continued to impact on performance in Q1 2019.

The Group successfully completed its disposal of AML to BUX Holdings B.V. on 5 June 2019. The rationale for the disposal was set out in the circular to shareholders dated 19 May 2019.

As part of the Group's restructuring plan, the Group is actively pursuing with potential investors business opportunities to develop its social trading business, particularly in Asia, as well as new businesses.. The Group sees B2B opportunities to promote social trading to onshore and offshore market participants through leveraging the Group's technology platform. Ayondo will also continue to streamline the technology platform and reduce costs where appropriate.

In terms of new businesses, the Group has reviewed a number of opportunities in financial technology. This area is a very active one at the present time, with many initiatives and new technologies reaching global users and having applications which can disrupt incumbent industry players. Ayondo believes that significant value can be built around integrating selected initiatives synergistically onto its platform, and the Group is actively pursuing this with new potential partners.

The Group is in the process of raising funds from certain groups of investors and its ability to secure funding is critical for the Group as a going concern and its future business plans.

Barring any unforeseen circumstances and on the basis of above, the Board is of the view that the Group is able to operate as a going concern for the next twelve months from the date of this announcement.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been recommended or declared for Q1 2019.

(b) Amount per share (cents) and previous corresponding period (cents).

Not applicable. No dividend has been recommended or declared for Q1 2019.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared for Q1 2019 in view of the financial performance and accumulated loss of the Group.

13. If the group has obtained a general mandate from shareholders for IPTs, 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 Group does not have a general mandate from shareholders for IPTs.

14. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company has confirmed that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Company and the Group for Q1 2019 to be false or misleading in any material respect.

15. Confirmation pursuant to Rule 720(1) of the Catalist Rules

The Company confirms that it has procured the undertakings from all its Directors and executive officers pursuant to Rule 720 (1) of the Catalist Rules.

BY ORDER OF THE BOARD

Thomas Winkler
Non-Executive Chairman
4 July 2019