

Netccentric Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Netccentric Limited
ARBN:	605927464
Current reporting period:	For the half-year ended 30 June 2017
Previous reporting period:	For the half-year ended 30 June 2016

2. Results for announcement to the market

			S\$
Revenue from ordinary activities	down	11% to	5,528,568
Loss from ordinary activities after tax attributable to the owners of Netccentric Limited	down	43% to	(1,432,075)
Loss for the half-year attributable to the owners of Netccentric Limited	down	43% to	(1,432,075)

Dividends

There were no dividends paid, recommended or declared during the current reporting period.

Comments

The loss, net of tax for the group amounted to \$1,488,752 (30 June 2016: loss, net of tax of \$2,523,267).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets ("NTA") per ordinary share	2.41	4.04

4. Dividends

There were no dividends paid, recommended or declared during the current and previous reporting period.

5. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period S\$	Previous period S\$
Exteen Co Ltd	-	49.00%	N.M.	N.M.
Nuffnang Philippines Inc	40.00%	40.00%	N.M.	N.M.
<i>Group's aggregate share of associates and joint venture entities' (loss) profit (where material)</i>				
(Loss) profit from ordinary activities before income tax			(46)	20,131

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N.M. – Not material to the group.

6. Details of entities over which control has been gained or lost during the period

Not applicable – no changes during the reporting period.

7. Audit qualification or review

Details of review dispute or qualification:

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Statements.

8. Attachments

Details of attachments:

The Interim Financial Statements of Netccentric Limited for the half-year ended 30 June 2017 are attached.

9. Signed



Desmond Kiu
Chief Executive Officer

Date: 30 August 2017

NETCENTRIC LIMITED

(Incorporated in Singapore. Registration Number: 200612086W)

and its subsidiaries

ARBN 605927464

Interim Financial Statements

for the six months ended 30 June 2017

Netccentric Limited
Directors' Report
30 June 2017

The directors of the company are pleased to present their report together with the financial statements of the consolidated entity (referred to hereafter as the "group") consisting of Netccentric Limited (referred to hereafter as the "company" or "parent entity") and its controlled entities for the six-month reporting period ended 30 June 2017.

Directors

The directors of the company in office during the reporting period and at the date of this report are:

Tiah Ewe Tiam
Cheo Ming Shen @ Tong Ming Shen
Martyn Thomas
David Chiam Joy Yeow (appointed 4 July 2017)
Joanne Khoo Su Nee (appointed 26 July 2017)
Kevin Tsai Shao Chung (resigned 31 May 2107)
Pierre Pang Hee Ta (resigned 4 July 2017)

Principal activities

During the period, the principal continuing activities of the consolidated entity consisted of:

- Development of other software and programming platforms to engage consumers;
- Online advertising; and
- Connecting businesses to promote products and services of advertisers with consumers through with bloggers and social media influencers.

Review of operations (in \$SG)

Group revenue for H1 2017 was \$5.5 million (H1 2016: \$6.2 million). The decrease was largely due to the impact of a one-off deal with Flexiroam Asia Limited, which provided revenue of \$0.8 million in the comparative period. Note 2 to the accounts details the geographical spread of group revenue. Encouragingly, during H1 2017, new markets in Taiwan and Indonesia demonstrated high potential growth.

During H1 2017, the group has effectively shifted most of its regional resources from Singapore to Malaysia as part of a centralisation exercise to reduce expenditure. Management has also devised and executed more cost-effective marketing strategies to further reduce overhead expenditure. Despite the overall reduction in revenue, there was a \$0.9 million improvement in cash outflows, with cash used in operating activities reducing to \$1.4 million from \$2.3 million during H1 2016.

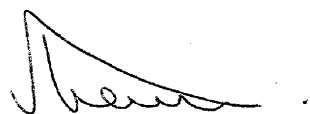
The group's loss before income tax during H1 2017 was \$1.4 million, an improvement of \$1.1 million from H1 2016. As noted above, this is reflective of the new management teams progress to date in reducing overheads and employee costs.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the reporting period.

This report is made in accordance with a resolution of Board of Directors.

On behalf of the Board of Directors



Martyn Thomas
Director

30 August 2017



Tiah Ewe Tiam
Director

Netccentric Limited
Contents
30 June 2017

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General information

The financial statements cover Netccentric Limited as a consolidated entity consisting of Netccentric Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Singapore dollars, which is Netccentric Limited's functional and presentation currency.

Netccentric Limited is a listed public company limited by shares, incorporated and domiciled in Singapore. Its registered office and principal place of business are:

Registered office

38 Kinta Road
#02-03
Singapore 219107

Principal place of business

38 Kinta Road
#02-03
Singapore 219107

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2017.

Netccentric Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2017

		<u>Group</u>	
	Note	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
		\$	\$
Revenue	3	5,528,568	6,242,158
Cost of sales		<u>(2,941,679)</u>	<u>(2,301,412)</u>
Gross profit		2,586,889	3,940,746
Interest income		38,788	101,381
Other gains	4	164,593	221,580
Administrative and operating expenses	5	(1,069,935)	(2,853,259)
Employee benefits expense		(2,972,239)	(3,646,054)
Other losses	4	(211,651)	(262,879)
Share of (loss) profit from equity-accounted associates		<u>(46)</u>	<u>20,131</u>
Loss before income tax		(1,463,601)	(2,478,354)
Income tax expense		(25,151)	(44,913)
Loss, net of tax		<u>(1,488,752)</u>	<u>(2,523,267)</u>
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax		<u>(190,605)</u>	<u>26,247</u>
Other comprehensive (loss) income, net of tax		<u>(190,605)</u>	<u>26,247</u>
Total comprehensive loss		<u>(1,679,357)</u>	<u>(2,497,020)</u>
Loss for the period attributable to:			
Owners of the parent		(1,432,075)	(2,502,829)
Non-controlling interests		<u>(56,677)</u>	<u>(20,438)</u>
Loss, net of tax		<u>(1,488,752)</u>	<u>(2,523,267)</u>
Total comprehensive loss for the period attributable to:			
Owners of the parent		(1,624,033)	(2,420,119)
Non-controlling interests		<u>(55,324)</u>	<u>(76,901)</u>
Total comprehensive loss		<u>(1,679,357)</u>	<u>(2,497,020)</u>
Loss per share		<u>Cents</u>	<u>Cents</u>
Basic and diluted	9	<u>(0.55)</u>	<u>(0.95)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Netccentric Limited
Consolidated Statement of Financial Position
As at 30 June 2017

		<u>Group</u>	
	Note	<u>30 Jun 2017</u>	<u>31 Dec 2016</u>
		\$	\$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment		330,260	331,354
Investments in associates		147,841	151,439
Deferred tax assets		9,027	9,076
Intangible asset		25,318	33,757
Total non-current assets		<u>512,446</u>	<u>525,626</u>
<u>Current assets</u>			
Trade and other receivables		2,670,000	3,356,585
Other assets		79,217	67,929
Cash and cash equivalents	6	<u>6,198,017</u>	<u>7,605,552</u>
Total current assets		<u>8,947,234</u>	<u>11,030,066</u>
Total assets		<u>9,459,680</u>	<u>11,555,692</u>
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	7	13,797,086	13,797,086
Accumulated losses		(6,763,677)	(5,331,602)
Share option reserve		228,000	228,000
Foreign currency translation reserves		(404,593)	(212,635)
Equity attributable to owners of the parent		<u>6,856,816</u>	<u>8,480,849</u>
Non-controlling interests		(485,796)	(430,472)
Total equity		<u>6,371,020</u>	<u>8,050,377</u>
<u>Non current liabilities</u>			
Other financial liabilities		27,937	24,608
		<u>27,937</u>	<u>24,608</u>
<u>Current liabilities</u>			
Income tax payable		67,790	53,602
Trade and other payables		2,683,499	2,941,070
Other financial liabilities		39,837	5,191
Other liabilities		269,597	480,844
Total current liabilities		<u>3,060,723</u>	<u>3,480,707</u>
Total liabilities		<u>3,088,660</u>	<u>3,505,315</u>
Total equity and liabilities		<u>9,459,680</u>	<u>11,555,692</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Netcentric Limited
Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2017

	Total equity \$	Attributable to parent Sub-total \$	Share capital \$	(Accumulated losses) Retained earnings \$	Capital reserves \$	Share option reserves \$	Foreign currency translation reserves \$	Non-controlling interests \$
Group:								
Current period:								
Balance at 1 January 2017	8,050,377	8,480,849	13,797,086	(5,331,602)	-	228,000	(212,635)	(430,472)
Movements in equity:								
Total comprehensive loss for the period	(1,679,357)	(1,624,033)	-	(1,432,075)	-	-	(191,958)	(55,324)
Balance at 30 June 2017	6,371,020	6,856,816	13,797,086	(6,763,677)	-	228,000	(404,593)	(485,796)
Previous period:								
Balance at 1 January 2016	13,492,441	13,860,495	13,571,077	261,225	-	228,000	(199,807)	(368,054)
Movements in equity:								
Total comprehensive loss for the year	(5,880,650)	(5,519,536)	-	(5,506,708)	-	-	(12,828)	(361,114)
Acquisition of non-controlling interests without a change in control	-	(86,119)	-	(86,119)	-	-	-	86,119
Adjustment to purchase consideration on acquisition of remaining interest in an associate	226,009	226,009	226,009	-	-	-	-	-
Dividend paid	(51,448)	-	-	-	-	-	-	(51,448)
Increase in contribution by non-controlling interests	264,025	-	-	-	-	-	-	264,025
Balance at 31 December 2016	8,050,377	8,480,849	13,797,086	(5,331,602)	-	228,000	(212,635)	(430,472)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Netccentric Limited
Consolidated Statement of Cash Flows
For the half-year ended 30 June 2017

	Group	
	30 Jun 2017	30 Jun 2016
	\$	\$
<u>Cash flows from operating activities</u>		
Loss before income tax	(1,463,601)	(2,478,354)
Adjustments for:		
Share of loss (profit) from equity-accounted associates	46	(20,131)
Interest income	(38,788)	(101,381)
Amortisation of intangible assets	8,439	–
Depreciation of plant and equipment	37,734	54,448
Gain on disposal of associate	(7,794)	–
Net effect of exchange rate changes in consolidating foreign operations	(187,047)	15,490
Operating cash flows before changes in working capital	(1,651,011)	(2,529,928)
Trade and other receivables	694,380	36,605
Other assets	(11,288)	(61,522)
Trade and other payables	(257,571)	285,443
Other liabilities	(173,272)	7,733
Net cash flows used in operations	(1,398,762)	(2,261,669)
Income taxes paid	(10,921)	(77,027)
Net cash used in operating activities	(1,409,683)	(2,338,696)
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	(36,640)	(96,883)
Dividend from associate	–	38,421
Increase in contribution by non-controlling interests	–	304,655
Interest received	38,788	101,381
Net cash from investing activities	2,148	347,574
Net decrease in cash and cash equivalents	(1,407,535)	(1,991,122)
Cash and cash equivalents at the beginning of reporting period	7,605,552	12,901,717
Cash and cash equivalents, at the end of reporting period (Note 6)	6,198,017	10,910,595

The above statement of cash flows should be read in conjunction with the accompanying notes

Netccentric Limited
Notes to the Financial Statements
30 June 2017

Note 1. Significant accounting policies

The consolidated financial statements for the interim half-year reporting period ended 30 June 2017 have been prepared in accordance with Singapore Financial Reporting Standard (“FRS”) 34, Interim Financial Reporting.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the company during the interim reporting period.

The principal accounting policies adopted are consistent with those of disclosed in the audited financial statements for the reporting year ended 31 December 2016. The report is presented in its functional currency, Singapore dollars.

Changes and adoption of financial reporting standards

For the current reporting period the consolidated entity has adopted all of the new or revised Singapore Financial Reporting Standards that are mandatory for the current reporting period. The new or revised standards did not require any modification of the measurement methods or presentation in the financial statements. The new or revised standards applicable to the group are as follows:

<u>FRS No.</u>	<u>Title</u>
FRS 7	Amendments to FRS 7: Disclosure Initiative

Note 2. Operating segments

Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments.

For management purposes, the group is organised into the following major strategic operating segments that offer different products and services: (1) Influencer Platform, (2) Display Ad Network, (3) Social Media Agency, (4) Digital Asset Production and (5) Others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The principal segments and type of products and services are as follows:

(1) Influencer Platform	Enables advertisers to engage social media influencers to promote their products and services.
(2) Display Ad Network	Enables advertisers to promote their products or services across a network of over 950,000 sites that attract over 35 million visitors per month.
(3) Social Media Agency	Digital marketing agency specialising in social media strategy and campaign management for advertisers.
(4) Digital Asset Production	Boutique all-in-one digital media production house specialising in web design and development; print & graphic designs; and corporate identity designs.
(5) Others	Others including media production house and mobile blogging applications.

Segment revenues are allocated based on the country in which the customer is located. The group has a large number of customers to which it provides both products and services. The group does not rely on any single customer to a significant portion of revenues. Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The following tables illustrate the information about revenue by business units.

Business Units

	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
	\$	\$
Influencer Platform	3,921,741	4,523,121
Display Ad Network	21,307	111,054
Digital Asset Production	790,242	772,690
Social Media Agency	772,482	814,920
Others	22,796	20,373
Total	<u>5,528,568</u>	<u>6,242,158</u>

Netccentric Limited
Notes to the Financial Statements
30 June 2017

Note 2. Operating segments (cont'd)

Information about reportable segment profit or loss, assets and liabilities (cont'd)

<u>Country</u>	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
	\$	\$
Singapore	1,294,451	2,418,761
Malaysia	1,622,305	2,358,460
Australia	884,032	789,455
Thailand	758,634	545,173
China	352,471	111,485
United Kingdom	28,726	18,824
Taiwan	526,587	–
Indonesia	61,362	–
Total	<u>5,528,568</u>	<u>6,242,158</u>

Management has determined the operating segments based on reports reviewed by the Board of Directors for making strategic decisions. The Board of Directors has considered the business from both a geographical and business segment perspective and has identified one reportable segment.

The chief operating decision maker evaluates the segment information by revenue streams. The remaining cost of sales, expenses, assets and liabilities are unallocated.

Note 3. Revenue

	<u>Group</u>	
	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
	\$	\$
Rendering of services	<u>5,528,568</u>	<u>6,242,158</u>

Note 4. Other gains and (other losses)

	<u>Group</u>	
	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
	\$	\$
Allowance for impairment on trade receivables	(175,247)	–
Foreign exchange adjustment loss	(36,404)	(262,879)
Government grants	73,273	167,523
Gain on disposal of associate	7,794	–
Rental income	6,942	6,627
Other income	76,584	47,430
Total other gains	<u>(47,058)</u>	<u>(41,299)</u>
Presented in profit or loss as:		
Other gains	164,593	221,580
Other losses	<u>(211,651)</u>	<u>(262,879)</u>
	<u>(47,058)</u>	<u>(41,299)</u>

Netccentric Limited
Notes to the Financial Statements
30 June 2017

Note 5. Administrative and operating expenses

The major components include the following:

	<u>Group</u>	
	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
	\$	\$
Advertising expenses	16,105	1,548,618
Operating lease expense	229,258	246,793
Professional fees	316,149	354,483
Travelling expenses	40,075	160,461
	<u>40,075</u>	<u>160,461</u>

Note 6. Cash and cash equivalents

	<u>Group</u>	
	<u>30 Jun 2017</u>	<u>31 Dec 2016</u>
	\$	\$
Not restricted in use	6,198,017	7,605,552
Cash at end of the half year	<u>6,198,017</u>	<u>7,605,552</u>

The interest earning balances are not significant.

Note 7. Share capital

<u>Group and company</u>	Number of shares <u>issued</u>	Share capital \$
<u>Ordinary shares:</u> At 31 December 2016 and 30 June 2017	<u>262,500,000</u>	<u>13,797,086</u>

Note 8. Dividends

There were no dividends paid during the six month reporting period ended 30 June 2017 (2016: \$NIL).

Note 9. Loss per share

The following table illustrates the numerators and denominators used to calculate basic and diluted (loss)/earnings per share of no par value:

	<u>Group</u>	
	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
	\$	\$
A. Numerator: loss attributable to equity:		
Continuing operations:		
Total basic and diluted loss attributable to owners of the parent	<u>(1,432,075)</u>	<u>(2,502,829)</u>
B. Denominator: weighted average number of equity shares		
Basic and diluted	<u>262,500,000</u>	<u>262,499,988</u>

The weighted average number of equity shares refers to shares in circulation during the reporting period.

The basic loss per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. There is no difference between the basic and diluted weighted average number of shares.

Note 10. Events after the end of the reporting period

Subsequent to the end of the reporting period, Netccentric Limited acquired a 51% shareholding in Plata & Punta Sdn Bhd ("P&P"), a company incorporated in Malaysia. CEO Desmond Kiu was a founding shareholder in P&P and currently holds a 23% stake in the subsidiary. The remaining shareholding of P&P is held by a Senior Executive of P&P (23.5%) and an unrelated party (2.5%).

Netccentric Limited
Directors' declaration
30 June 2017

The Directors declare that:

- (a) in the directors' opinion, the attached consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the group as at 30 June 2017 and of the results and cash flows of the group and changes in equity of the group for the reporting six-month period then ended; and
- (b) in the directors' opinion, at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of Board of Directors.

On behalf of the Board of Directors



Martyn Thomas
Director



Tlah Ewe Tiam
Director

30 August 2017

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**Independent Auditor's Report on Review of Interim Financial Information
to the Members of
NETCENTRIC LIMITED** (Registration No: 200612086W)

Introduction

We have reviewed the accompanying condensed interim consolidated financial information of Netccentric Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 12.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Singapore Financial Reporting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for 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 Singapore Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information does not give a true and fair view of the financial position of the entity as at 30 June 2017, and of its financial performance and its cash flows for the six months period then ended in accordance with Singapore Financial Reporting Standard 34 Interim Financial Reporting.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

30 August 2017

Partner in charge: Paul Lee Seng Meng