Netccentric Limited

ANNUAL REPORT

2015

NETCCENTRIC LIMITED

Registration No: 200612086W

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CORPORATE DIRECTORY

DIRECTORS

CHEO MING SHEN
Managing Director and Chief Executive Officer

TIAH EWE TIAM
Executive Director and Chief Operating Officer

MARTYN THOMAS
Chairman and Independent Director

KEVIN TSAI SHAO CHUNG
Independent and Non–executive Director

PIERRE PANG HEE TA
Independent and Non–executive Director

AUDIT COMMITTEE

MARTYN THOMAS (CHAIRMAN)
KEVIN TSAI SHAO CHUN
PIERRE PANG HEE TA

COMPANY SECRETARY

CHEO MING SHEN
Netccentric Limited
38 Kinta Road, #02–03 Kinta Suites,
SINGAPORE 219107

REGISTERED OFFICE

NETCCENTRIC LIMITED
38 Kinta Road, #02–03,
Kinta Suites
Singapore 219107

SHARE REGISTRY

LINK MARKET SERVICES LIMITED
Level 12,
680 George Street
Sydney NSW 2000
Australia

AUDITOR

RSM CHIO LIM LLP
Public Accountants and
Chartered Accountants
8 Wilkie Road
#03–08 Wilkie Edge
Singapore 228095

Partner–in–charge: Terence Ang Keng Siang
Effective from reporting year ended 31 December 2015

BANKERS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
UNITED OVERSEAS BANK LIMITED

ABOUT NETCCENTRIC LIMITED

NETCCENTRIC LIMITED ("NETCCENTRIC" OR THE "COMPANY")

is a digital media business established in 2006, which has grown its revenues by 17% in the last year to SGD12 million in 2015. Netccentric operates six businesses in the digital advertising sector across multiple geographies, with the key markets being Malaysia, Singapore and Australia.

NETCCENTRIC OFFERS ITS ADVERTISERS THE FOLLOWING KEY SERVICES:

(a) Influencer Platform (approximately 74% of FY2015 revenue);

(b) Display Ad Network (approximately 6% of FY2015 revenue);

(c) Social Media Agency (approximately 8% of FY2015 revenue); and

(d) Digital Asset Production (approximately 12% of FY2015 revenue).

NUFFNANG

Nuffnang is one of APAC's largest blog advertising communities allowing Advertisers to promote their products or services across a network of over 950, 000 highly targeted blogs ("Publishers").

CHURPCHURP

Churp Churp is one of South East Asia's leading networks of social media influencers allowing Advertisers to promote their products or services across a network of over 230, 000 social media influencers ("Publishers").

REELITY

Reelity.TV produces online video content for Advertisers for distribution through social networks.

SASHIMI

Sashimi is a social media agency specialising in purchasing media, and monitoring and managing social media accounts for a range of Advertisers.

RIPPLEWERKZ

RippleWerkz is a boutique all–in–one digital media production house.

It supports Advertisers' creative needs through its digital expertise across mobile applications, web design and development.

DAYRE

Dayre is a mobile blogging application allowing users to create narratives, interact with other users and publicise their content.

NOM NOM MEDIA

Nom Nom Media is a social media advertising agency that offers brands an all–inclusive social media solution tailored to suit their objectives.

CHAIRMAN'S LETTER

Martyn Thomas
CHAIRMAN

Dear Shareholder,

Welcome to our first annual report for the Full Year 2015. This year represents our first year as a publicly listed company, which signified a pivotal moment for us as we now focus on the expansion of the business.

This year has been a transformational one for Netccentric. We've established a solid platform for ongoing growth and through our public listing we have in place sufficient funding to drive forward our strategic growth plans in 2016.

New Initiatives and Expansion of Product Offering

This year saw us achieve a number of milestones for the business, including establishing a solid platform of products from which to expand.

In Malaysia, the Company signed an agreement with MIG Pictures, a leading film producer with over 50 celebrities, artists and influencers in its client base. This provided Netccentric with exclusive access to MIG's client base, expanding its own talent database and enabling us to offer our clients a broader pool of talent. This initiative has increased our Influencer portfolio and enables us to further drive social media engagement campaigns for our clients.

We were excited to announce that Nuffnang (Australia) partnered with a market leading TV production company, Fremantle Media Australia (FMA) to launch a first to market video content solution. The initial video series the "Modern Mummy Collective" was launched in September will be offered to blue chip brands throughout the region.

Chairman's Letter

Influencer Platforms Continue to Perform

Our Influencer platforms Nuffnang and Churp Churp continued to perform in key markets throughout the year. It has become increasingly evident that advertisers place a significant amount of value on online content promoted via our Influencers, driving this aspect of our business.

Sponsored posts for the year contributed over 38% of revenues. This has validated our focus on growing our Influencer platforms of Nuffnang and Churp Churp, which are now present in seven and four countries, respectively.

As we continue to build on our offering in existing markets we expect to be able to provide clients with an enhanced full service social media solution to meet each of their digital marketing requirements.

Positioned in a Growing Market

The social media advertising market continues to grow globally as advertisers seek new and innovative ways to reach consumers. It has been estimated that social network advertising spend will reach US$36 billion by 2017. The majority of our business units and clients are within the Asia–Pacific region, which is the second largest market with the spend expected to hit US$12 billion in 2017, just behind North America at US$16 billion. (Source: eMarketer)

Netccentric is strategically positioned within the social network advertising market with a focused growth plan to continue to expand its operations and capitalise on the ongoing growth of the market.

Looking ahead

As we enter 2016 we are well positioned for ongoing expansion and growth of the business in both existing and new markets.

The SGD12.9 million funds raised from the public listing in July 2015 have provided the Company with the necessary funding to implement the required resources to drive its growth initiatives.

I would like to extend a warm welcome to our new shareholders and thank them for their support this year. I am excited by the opportunities to come and look forward to embarking on this next phase of growth together.

Sincerely,

Chairman

CEO'S REPORT

Cheo Ming Shen
CHIEF EXECUTIVE OFFICER

The last few years have been exciting ones for the tech sector.

The term "Unicorn" was first coined by Cowboy Ventures founder Aileen Lee, in a November 2013 TechCrunch blog post. A Unicorn, for those who do not know, refers to a start–up whose valuation has exceeded 1 Billion Dollars. At that time, there were just 39 Unicorns. In January 2016, according to Venture beat, this number had swelled to 229.

The good times though, many predict, are coming to an end, and this is evidenced by recent funding rounds at either stagnant, or lowered valuations.

Snapchat, one of the fastest growing social media platforms, for example, just recently closed a 175 million dollar funding round, but at a valuation unchanged from the year before.

Funded startups all around the world, are tightening their belts, and laying off staff, in anticipation of a funding pipeline that is drying up.

Where does the Netccentric group stand in all of this? What kind of company are we? And more importantly, what does the future hold for the company and our shareholders in this dynamic environment?

Where Netccentric Stands

For the benefit of our shareholders, many of whom are new to the business, I thought using this opportunity to describe the DNA of our company would be a useful exercise.

Netccentric in one line, is a social media solutions innovator.

CEO's Report

Across our 5 core business units, we provide advertising solutions for brands in the social media space AND platforms for consumers too.

At the heart of our operations lies Technology. We leverage it to solve collective action problems, and achieve scale. For example, Nuffnang is an online platform that amalgamates over 1 million independent bloggers, their inventory, and data points, and enables our clients (blue chip brands) to reach targeted audiences at scale.

On the consumer end, our mobile blogging platform Dayre (Pronounced Day–Ree), which is available for download on iOS and Android, has over 500,000 monthly active users, who are creating content, interacting with one another, and in effect increasing our network reach significantly.

Beyond what are our businesses are, one needs to understand the values which underscore all management and board decisions.

The reason why I started this letter with mention of Unicorns, is because whilst our aspirations and indeed potential might be comparable to some of them, in many ways the Netccentric group offers a unique proposition.

Unlike these Unicorns, who have historically relied on continual funding to grow rapidly, Netccentric started out in 2006 with just $65, 800 in capital and built a profitable business that saw us through close to a decade of growth. We do not have any external debt, nor did the founders take outside funding. Our IPO in July 2015, was the first instance of this. It felt like good time to seek funds from the public and accelerate growth to the next level. Our listing was incredibly successful, and we raised 12.5 Million AUD, with several established Individuals and Institutions taking long term positions.

This is the DNA of Netccentric. We build scalable tech based businesses that are sustainable and profitable.

In 2015, we continued in this vein, and achieved an impressive 18 percent growth of revenue to 12.1 Million SGD. EBITDA fell to a loss of 1.22 million SGD. This was accounted for in one off costs related to the IPO process of 1.2 Million and an increase in operating expenses. Whilst this EBITDA trend is likely to continue as we invest IPO proceeds to grow the business, the management and board will always seek to ensure the underlying business is sustainable and able to return to profitability quickly. This will be done even as we seek to increase market share aggressively.

The future of the Netccentric Group (2016 and beyond)

Those who invested during our public offering, and every single shareholder of the company, are no doubt more interested in the future of Netccentric than the past.

Here, let me assure you, that with both co–founders holding executive functions (Timothy as COO and myself as CEO), and retaining a substantial amount of equity in the business (Jointly 72%), not only do we continue to have vested interest, we are confident of its potential.

Our growth initiatives are relatively straightforward. Broadly, it involves

(a) Scaling our existing businesses, including via Geographical Expansion

(b) Innovating technologically on the platform side, with particular focus on the Mobile space

CEO's Report

The fact is, the lowest hanging fruit, and easiest way to scale, lies not in mergers and acquisitions or fancy corporate moves (although we are also on the lookout for such opportunities), but within the existing businesses within the group.

The full spectrum of social media solutions (For clients), can only be offered in each country if Netccentric has fully rolled out our 5 business units, for example. And even within our existing countries, this is not the case.

I highlight one such example. 3 years ago, we set up Reelity.TV, a social video company (dealing with YouTube content and strategy), in Malaysia. With limited resources, last year Reelity in Malaysia booked 1 million RM in revenue. Reelity complements our offerings of blogger and social media influencer postings, and yet it is NOT available in all our other countries due to lack of funding.

The IPO and the funds we have received has of course changed this. Toward this end, we made a key hire, Mr. Sherwayn Tan, in Nov 2015, to spearhead Reelity's expansion into both our existing markets, and new markets too.

This is just one business unit. Across the board, the 2nd half of 2015, post IPO saw us staffing our senior regional management team, who will be responsible for driving our businesses across the region in a more coherent and unified manner. Their actions will take time to bear fruit, but I dare say 2016 looks to be a promising year, and subsequent years will be even better!

My COO, and co–founder, Timothy Tiah meanwhile, has been tasked with overseeing Geographical Expansion, Strategic Partnerships, and potential M&A targets. In September 2015, he sealed a partnership with MIG pictures, a leading Malaysian film producer with over 50 top celebrities in their fold. The deal will give us access to MIG's significant stable of talents exclusively for 5 years, and represents both a strategic and financial win for our key market of Malaysia. Beyond that, he has also made significant headway in kick starting our Geographical expansion into Taiwan and Indonesia, and we expect to be fully operational in both these markets by 1H2016.

According to eMarketer, social network ad spend is expected to reach $30 Billion dollars this year. In APAC, the figure is $10 Billion. The market opportunity is immense, and Netccentric is not even scratching the surface of this market right now. Our IPO funds, experienced board, high powered senior management, and established networks and reputation, will see us growing market share in coming years.

As promising as our current business is, our most exciting prospect, is to be found in our R&D efforts. Within the company, exists a pro–active technical development team headed by myself. Our aim is to develop relevant (to the business), innovative, consumer focused mobile platforms that could break new ground, and disrupt trends and markets. We operate with the discipline of the lean startup as espoused by Eric Reis, and in late 2013, launched Dayre, a mobile blogging platform.

With limited funds, we launched Dayre, and it went viral, being downloaded by over 360, 000 users (As of July 2015). The Dayre App has an incredibly vibrant and passionate community, and in 2015, they produced 2.1 million individual posts, posted 9.2 million comments, and gave 2.5 million likes. This vibrancy, coupled with its strategic relevance to our business, has encouraged us to continue building on the platform. We launched a user acquisition campaign in the USA in Nov 2015, which resulted in a 29.1% increase in Active Users, to 521,954 users. 2016 will see our efforts continue, with a key hire, Ms Kate Tan, spearheading efforts here. We will look to build platform partnerships, leverage on our existing communities, enhance features and continue marketing campaigns.

CEO's Report

Summary

In conclusion, the Netccentric group is in a great position, despite potential macroeconomic disruption, to grow and transcend to the next level. The majority of our IPO funds remain intact (S$12.9 million cash in bank as of Feb 2016). We will disburse them judiciously as we have always done. We will aggressively pursue the growth opportunities our current business affords, there is yet a long way to go here (In terms of potential), and be mindful of profit sustainability. We will innovate, and seek to take advantage of the immense mobile opportunity. We have never been in a better position!

On behalf of my board and my team, I would like to thank all shareholders for their continued support. We look forward to a great 2016!

Sincerely,

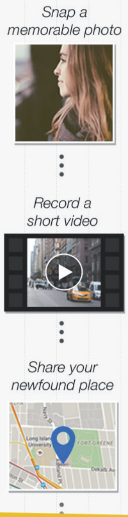
Chief Executive Officer

Sources:

1. Venture Beat, http://venturebeat. com/2016/01/18/there-are-now-229-unicorn-startups-with-175b-in-funding-and-1-3b-valuation/
2. Business Insider, http://www. businessinsider. my/report-snapchat-raises-175-million-20163/?r=US&IR=T#0DeoLkH7S5jEUUWb.97
3. eMarketer, http://www. emarketer. com/Article/Social-Network-Ad-Spending-Hit-2368-Billion-Worldwide-2015/1012357

DAYRE

FACT SHEET



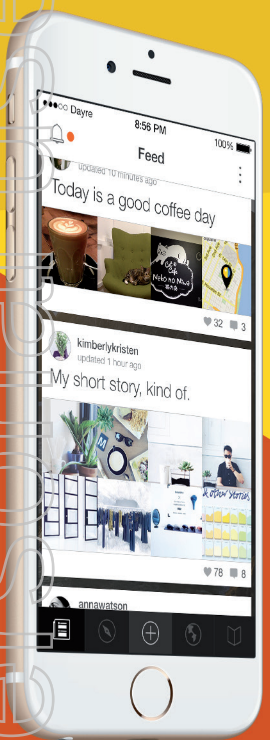
WHAT IS DAYRE?

Dayre puts together all the pieces of your day to tell your story.

Posting a series of simple micro-updates as your day goes by is all you need to get started.

Choose between writing a blurb, snapping a photo, recording a video, posting a sticker, or checking into a location to express what's going on.

WHY DAYRE?



Blog long-form on the mobile device easily.

Write some text

Snap a photo

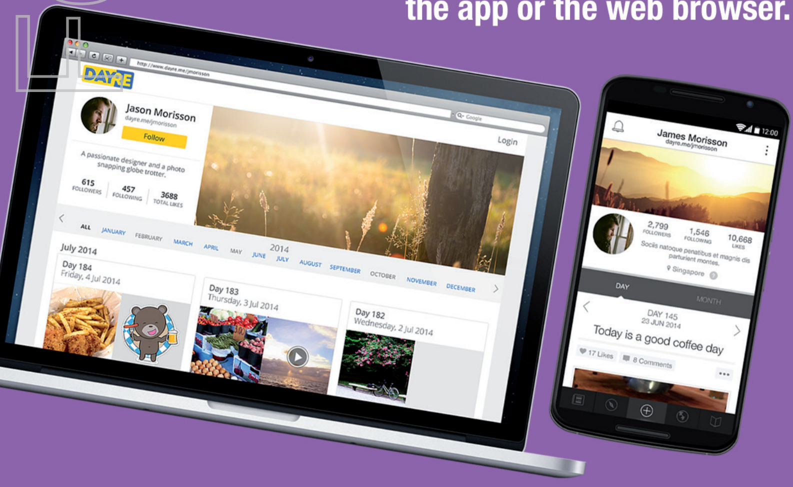
Shoot a video

Use a sticker

Share a location

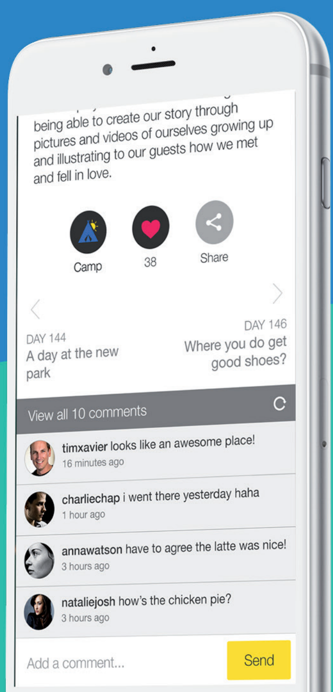
Real-time updates for your readers.

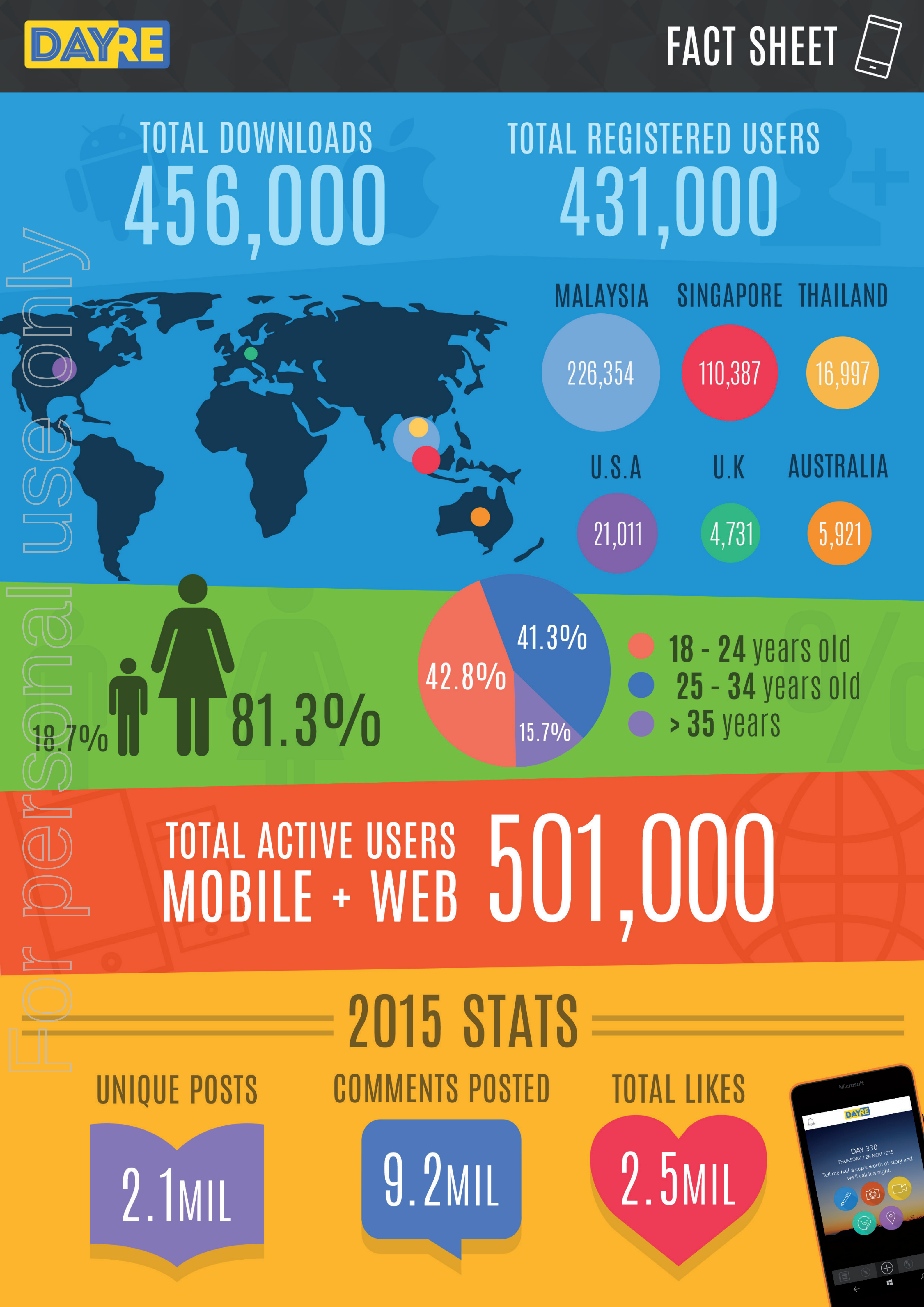
Universally accessible via the app or the web browser.



Innovative features like the ability to camp.

Instant gratification from your audience.




DAYRE
FACT SHEET
TOTAL DOWNLOADS
456,000
TOTAL REGISTERED USERS
431,000
MALAYSIA
226,354
SINGAPORE
110,387
THAILAND
16,997
U.S.A
21,011
U.K
4,731
AUSTRALIA
5,921
18.7%
81.3%
42.8%
41.3%
15.7%
18 - 24 years old
25 - 34 years old
> 35 years
TOTAL ACTIVE USERS
MOBILE + WEB
501,000
2015 STATS
UNIQUE POSTS
2.1MIL
COMMENTS POSTED
9.2MIL
TOTAL LIKES
2.5MIL
DAYRE
DAY 330

DIRECTORS' REPORT

Martyn has more than 30 years of experience in the media and advertising industry. Since 2000, Martyn has served as Managing Director of FRANk Media Pty Ltd, a Melbourne–based integrated full service media agency. FRANk Media has worked with a range of major brands including Ansell, Gaggenau, High Sierra, Samsonite, and Vileda. Previously, he was Media Director at The Campaign Palace and Media Group Head at J. Walter Thompson.

Martyn has been a Director of Nuffnang Australia Pty Ltd since 2008. He is also a 47.5% owner (which he and his wife hold equally through a holding company, Initiative Outdoor Pty Limited) of Tomeel Pty Ltd, Nuffnang Australia Pty Ltd's joint venture partner in Australia.

Ming Shen is the Co–Founder and Chief Executive Officer of Netccentric. As Co–Founder and Chief Executive Officer, Ming created and grew the first core suite of businesses for the Company: Nuffnang, Churp Churp and RippleWerkz. He conceived and implemented the Nuffnang and Churp Churp talent program, which has secured exclusive access to over 350 top bloggers and influencers in the region, cementing Netccentric's position as a market leader in social media influencers. He also led the ideation, creation and implementation of mobile blogging app Dayre. Ming currently leads the creation and implementation of regional and horizontal expansion strategies for the Company.

Together with Tiah Ewe Tiam, Ming was named as one of Asia's 25 Best Young Entrepreneurs by Bloomberg Businessweek in 2007. In 2015, Ming was awarded with the Spirit of Enterprise Award in Singapore.

Ming has a Bachelor of Science (Honours) in Government and Economics from the London School of Economics.

Directors' Report

Ewe Tiam is the Co–Founder and Chief Operating Officer of Netccentric. As Co–Founder and Chief Operating Officer, Ewe Tiam created and implemented monetisation strategies and product lines for the Company's businesses. He was responsible for setting up an associate company in the Philippines, Thailand, China and Australia. He also established Sashimi and Reelity.TV in Malaysia as part of Netccentric's horizontal expansion strategies. Ewe Tiam currently leads the regional office to replicate and implement strategies across all countries.

Together with Cheo Ming Shen, Ewe Tiam was named one of Asia's 25 Best Young Entrepreneurs by Bloomberg Businessweek in 2007. In 2015, Ewe Tiam won the Ernst & Young Entrepreneur of the Year Award under the Emerging category in Malaysia.

Ewe Tiam has a Bachelor of Science in Economics from University College London.

Pierre was appointed to the Board of the Company in May 2015.

Pierre is the Group General Manager of Sales & Marketing of Mamee Double Decker Sdn Bhd. As Group General Manager, he oversees group commercial activities over 80 countries. He also serves as Managing Director of MDD Beverage Sdn Bhd, a beverage subsidiary of Mamee Double Decker.

Prior to joining Mamee Double Decker and MDD, Pierre started and ran a digital and advertising agency, Eightedge Solutions, offering a wide array of new media solutions. Eightedge Solutions was contracted by both local and multi–national corporations including KFC OSK Holdings, Tune Group and global recruitment agency Kelly Services. In 2007, Eightedge Solutions was acquired by Mamee Double Decker, where he continued managing and leading the agency while also assuming a senior marketing role for MDD's snacks division. Pierre also worked for OgilvyOne Worldwide in Kuala Lumpur.

Pierre has a Bachelor of Information Systems (Honours) from the University of Melbourne. In 2011 he completed the Program for Leadership Development at Harvard Business School.

Kevin was appointed to the Board of the Company in May 2015.

Kevin is the President of Want Want China Times Group ("WWCTG"). WWCTG is a leading Taiwanese multiple platform media company with presence in broadcast television, magazine and newspaper publishing and online. He is a non–executive Director of Want Want China Holdings Limited, a food and beverage company listed on the Hong Kong Stock Exchange, and Vice Chairman of Union Insurance Company Limited.

ATTENDANCE AT BOARD MEETINGS

	Mtg Date 25/5/15	Mtg Date 05/8/15	Mtg Date 26/8/15	Mtg Date 30/09/15	Mtg Date 28/10/15	Mtg Date 25/11/15
Director						
Martyn Thomas	✓	✓	✓	✓	✓	✓
Cheo Ming Shen	✓	✓	✓	✓	✓	✓
Tiah Ewe Tiam	✓	✓	✓	✓	✗	✓
Pierre Pang Hee Ta	✓	✓	✓	✓	✓	✓
Kevin Tsai Shao Chung	✓	✓	✗	✓	✓	✓

	Eligible	Director Attended
Director		
Martyn Thomas	5	5
Cheo Ming Shen	5	5
Tiah Ewe Tiam	5	4
Pierre Pang Hee Ta	5	5
Kevin Tsai Shao Chung	5	4

NETCCENTRIC LIMITED
Registration No: 200612086W

CORPORATE GOVERNANCE

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Recommendations").

The Company's main corporate governance policies and practices as at the date of this annual report are detailed below:

Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

IN GENERAL, THE BOARD ASSUMES (AMONGST OTHERS) THE FOLLOWING RESPONSIBILITIES:

(a) setting objectives, goals and strategic direction with a view to maximising investor value;
(b) oversight of control and accounting systems;
(c) monitoring investment policies;
(d) approving and monitoring progress of major capital expenditure, capital management, acquisitions and divestments;
(e) preparing annual operating and capital expenditure budgets for Netccentric;
(f) considering financial statements and reports for publication;
(g) monitoring financial performance;
(h) reviewing, ratifying and monitoring systems of risk management, internal compliance and control, codes of conduct, and external compliance;
(i) monitoring financial and other reporting;
(j) monitoring the implementation of business standards and codes of ethical behaviour;

Corporate Governance

(k) monitoring and approving financial benefits to related parties;

(l) determining the independence of non–executive Directors;

(m) determining the process of evaluation of the performance of the Board, its committees and Directors;

(n) monitoring and evaluating the desirable competencies of the Directors, including the range and experience of the Directors;

(o) considering Board succession planning issues; and

(p) appointing, reviewing and monitoring the independence of the external auditors.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. The Board currently consists of the 2 Executive Directors (each of whom is a significant Shareholder) and three Non–Executive Directors (each of whom is independent).

As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

Identification and management of risk

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration Committee

The remuneration of any Executive Director will be decided by the Board following the recommendation of the Remuneration Committee, without the affected Executive Director participating in that decision–making process. The Remuneration Committee is currently comprised of all of the Non–Executive Directors.

The Articles provide that the Non–Executive Directors will be paid by way of remuneration for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Directors prior to the first annual general meeting of the Company or pursuant to a resolution passed at a general meeting

Remuneration Committee (continued)

of the Company (subject to complying with the Listing Rules and Singaporean law, as applicable). Until a different amount is determined, the amount of the remuneration is AUD$300,000 per annum.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Remuneration Committee reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity–based plans including the appropriateness of performance hurdles and total payments proposed.

Securities trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Managing Director (or the Board in the case of the Managing Director) must be obtained prior to trading.

Diversity policy

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy.

This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

Code of conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct ("Code") to be followed by all employees (including temporary employees and contractors) and officers.

THE KEY ASPECTS OF THIS CODE ARE TO:

(a) act with honesty, integrity and fairness in the best interests of the Company;
(b) act in accordance with all applicable laws, regulations, policies and procedures;
(c) have responsibility and accountability for individuals for report and investigating reports of unethical practices; and
(d) other matters including but not limited to ethical conduct, business conduct, confidentiality, privacy, security of information, and conflicts of interest.

Audit and Risk Committee

The Company has established an Audit and Risk Committee which operates under an Audit and Risk Committee Charter which includes, but is not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and the Company's risk management systems, the identification and management of business, economic, environmental and social sustainability risk and the external audit function. The Audit and Risk Committee is currently comprised of the Non–Executive Directors.

External audit

The Company in general meeting is responsible for the appointment of the external auditors of the Company, and the Board on an annual basis will review the scope, performance and fees of those external auditors following the recommendation from the Audit and Risk Committee.

Audit and non–audit fees

The amount of fees paid to the external auditors, in respect of audit and non–audit services for the year under review are as follows:

(a) Audit and assurance-related fees

	$
Birdanco Nominees Pty ltd (All audit fees in relation to IPO)	170, 520
RSM Chio Lim LLP	159, 600
Other audit firms auditing certain subsidiaries of the group	76, 277
Total	406, 390

(b) Non–audit fees – Nil

The Audit and Risk Committee has reviewed and is of the opinion that the non–audit services rendered during FY2015 were not substantial.

Internal audit

The Company does not have an internal audit function. The Board considers the Audit and Risk Committee and financial control function in conjunction with its risk management policy is sufficient for a Company of its size and complexity.

Material Exposure to Risk

Recommendation 7.4 is that the Board should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if so, how it manages those risks. The Company believes that the following operational risks are inherent in the industry in which the Company operates, having regard to the Company's circumstances (including financial resources, prospects and size):

(a) failure to retain existing clients and attract new ones;
(b) failure to expand into new markets;
(c) reliance on other social media platforms;
(d) control by existing shareholders and liquidity of shares;
(e) prevalence of related party leases;
(f) joint venture arrangements risk;
(g) capital required for expansion; and
(h) decline in growth of internet penetration and usage.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by the Company, and are not necessarily an exhaustive list.

The CEO and the CFO have reported and declared in writing to the Board that the Group's management of its material business risks is effective.

Corporate Governance

Remuneration Details

The Directors are remunerated based on the provision of services provided to the Company for executive management and for their services as Directors. The Directors fees are determined by the Board of Directors. Each non–executive director receives a fixed fee for their services as directors.

The remuneration structure for executive officers, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement directors and executives are paid employee benefit entitlements accrued to date of retirement.

Employment contracts for Directors and Executives stipulate a range of one to three month resignation periods. Termination payments are generally not payable on dismissal for serious misconduct. The Company may terminate an employment contract without cause by providing the appropriate written notice under each contract or making payment in lieu, based upon the individual's remuneration together with a severance benefit.

Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	**Position**
Cheo Ming Shen @ Tong Ming Shen	(Chief Executive Officer)
Tiah Ewe Tiam	(Chief Operating Officer)
Martyn Thomas	(Chairman, Non–executive Director)
Kevin Tsai Shao Chung	(Independent, Non–executive Director)
Pierre Pang Hee Ta	(Independent, Non–executive Director)

Remuneration Report

The breakdown of remuneration of the Directors and key executives of the Group (in percentage term) is set out below:

	Fixed salary / Fee	
Name	2015	2014
Directors:		
Cheo Ming Shen @ Tong Ming Shen	45%	50%
Tiah Ewe Tiam	45%	50%
Martyn Thomas	4%	–
Kevin Tsai Shao Chung	3%	–
Pierre Pang Hee Ta	3%	–

Statement by Directors

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2015. On 20 April 2015, the company changed its name from Netc-centric Pte. Ltd. to its present name upon its conversion to a public company.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors in office at date of statement

The directors of the company in office at the date of this statement are:

Cheo Ming Shen @ Tong Ming Shen	
Tiah Ewe Tiam	
Martyn Thomas	(Appointed on 2 May 2015)
Kevin Tsai Shao Chung	(Appointed on 2 May 2015)
Pierre Pang Hee Ta	(Appointed on 2 May 2015)

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act") except as follows:

3. Directors' interests in shares and debentures (continued)

Name of directors and companies in which interests are held	Direct Interest: At beginning of the reporting year or date of appointment if later	Direct Interest: At end of the reporting year
The Company – Netccentric Limited		
Cheo Ming Shen @ Tong Ming Shen	32, 403	94, 446, 461
Tiah Ewe Tiam	32, 403	94, 296, 749
Kevin Tsai Shao Chung	–	3, 750, 000

By virtue of section 7 of the Act, Mr Cheo Ming Shen @ Tong Ming Shen and Mr Tiah Ewe Tiam are deemed to have an interest in the company and in all the related body corporates of the company.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted except as follows:

On 2 July 2015, pursuant to an Option Deed signed between the company and Right Click Capital Management Pty Limited, the Company issued 1,312,500 share options as partial consideration of advisory fees rendered with an exercise price of A$0.22, expiring on 5 July 2020 (60 months after the date the shares are first quoted on the ASX). All 1,312,000 share options were not exercised and remained outstanding at the end of the reporting year.

6. Independent auditor

RSM Chio Lim LLP has expressed their willingness to accept re–appointment.

7. Audit and Risk Committee

The members of the Audit and Risk Committee during the reporting year and at the date of this report are as follows:

Martyn Thomas	**(Chairman, Non-executive Director)**
Kevin Tsai Shao Chung	**(Independent, Non–executive Director)**
Pierre Pang Hee Ta	**(Independent, Non–executive Director)**

Functions of the Audit and Risk Committee include the following:

(a) Review with the independent external auditors their audit plan;

(b) Review with the independent external auditors their evaluation of the company's internal accounting controls that are relevant to their statutory audit, their report on the financial statements and the assistance given by the management to them;

(c) Review the financial statements of the group and the company prior to their submission to the Board of Directors of the company for adoption; and

(d) Review the interested person transactions

Other functions performed by the Audit and Risk Committee are described in the Corporate Governance Report included in the Annual Report of the company. It also includes an explanation of how the independent auditor's objectivity and independence is safeguarded where the independent auditor provides non–audit services.

The Audit and Risk Committee has recommended to the board of directors that RSM Chio Lim LLP be nominated for re–appointment as the independent auditor at the next annual general meeting of the company.

8. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 25 February 2016, which would materially affect the group's and the company's operating and financial performance as of the date of this report except for a decrease of S$290,676 to loss, net of tax and an increase of S$101,089 to total comprehensive loss for the year primarily due to audit adjustments made to certain subsidiaries' financial statements subsequent to the preliminary announcement. In addition, goodwill of S$697,879 has been recognised arising from the acquisition of the remaining shares in Ripplewerkz Pte Ltd.

On behalf of the directors

Cheo Ming Shen @ Tong Ming Shen	Tiah Ewe Tiam
Director	Director

Date: 31 March 2016

RSM Chio Lim LLP

8 Wilkie Road, #03-08
Wilkie Edge, Singapore 228095

T +65 6533 7600
F +65 6594 7811

Audit@RSMSingapore.sg
www.RSMSingapore.sg

Independent Auditor's Report to the Members of NETCCENTRIC LIMITED (Registration No: 200612086W)

Report on the financial statements

We have audited the accompanying financial statements of Netccentric Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2015, and consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Members of
NETCCENTRIC LIMITED (Registration No: 200612086W)

Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Other matter

The financial statements for the reporting year ended 31 December 2014 were not audited as the company qualified for private exempt status.

For purpose of the Replacement Prospectus, a special purpose financial report (the "financial report"), dated 8 May 2015, expressed an unqualified opinion for the reporting year ended 31 December 2014. The financial report was prepared in accordance with Australian Accounting standards and issued by RSM Australia, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member. The presentation currency in the financial report was denominated in Australian Dollars and has been translated into Singapore Dollars for comparative purposes.

The financial report comprised of the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes comprising significant accounting policies. The financial report for the reporting year ended 31 December 2014 did not contain notes to the financial statements as required by Singapore Financial Reporting Standards.

RSM Chio Lim LLP

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2016

Partner in charge of audit: Terence Ang Keng Siang
Effective from year ended 31 December 2015

Consolidated Statement of Profit or Loss and other Comprehensive Income

Year Ended 31 December 2015

	Notes	Group 2015 $	Group 2014 $
Revenue	5	12, 078, 335	10, 324, 509
Cost of sales		(4, 067, 967)	(3, 982, 671)
Gross profit		8, 010, 368	6, 341, 838
Interest income		117, 710	22, 492
Other gains	6	495, 942	183, 666
Finance costs	7	(28, 348)	(28, 295)
Administrative and operating expenses		(3, 936, 151)	(1, 413, 793)
Employee benefits expenses	8	(5, 560, 578)	(3, 953, 198)
Other losses	6	(438, 716)	(331, 447)
Share of (loss) profit from equity-accounted associates	14	(4, 742)	189, 189
(Loss) Profit before income tax		(1, 344, 515)	1, 010, 452
Income tax expense	9	(111, 664)	(208, 497)
(Loss) Profit, net of tax		(1, 456, 179)	801, 955
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(430, 137)	136, 737
Other comprehensive (loss) income, net of tax		(430, 137)	136, 737
Total comprehensive (loss) income		(1, 886, 316)	938, 692
(Loss) Profit for the year, net of tax attributable to:			
Owners of the parent		(1, 162, 146)	654, 618
Non-controlling interests		(294, 033)	147, 337
		(1, 456, 179)	801, 955
Total comprehensive (loss) income for the year attributable to:			
Owners of the parent		(1, 528, 557)	791, 355
Non-controlling interests		(357, 759)	147, 337
		(1, 886, 316)	938, 692
(Loss) Earnings per share:			
Basic and diluted (loss) earnings per share (cents)	10	(0.51)	0.34

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2015

	Note	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
ASSETS					
Non-current assets					
Property, plant and equipment	11	273, 130	260, 935	–	–
Investments in subsidiaries	13	–	–	1, 958, 647	454, 566
Investments in associates	14	61, 409	227, 563	16, 932	95, 006
Deferred tax assets	9	6, 720	20, 291	–	–
Intangible asset	12	697, 879	–	–	–
Total non-current assets		1, 039, 138	508, 789	1, 975, 579	549, 572
Current assets					
Trade and other receivables	15	3, 265, 829	3, 312, 896	1, 772, 833	1, 944, 436
Other assets	16	106, 762	139, 383	210	210
Cash and cash equivalents	17	12, 901, 717	2, 235, 948	11, 039, 787	164, 630
Total current assets		16, 274, 308	5, 688, 227	12, 812, 830	2, 109, 276
Total assets		17, 313, 446	6, 197, 016	14, 788, 409	2, 658, 848

The accompanying notes form an integral part of these financial statements.

	Note	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
EQUITY AND LIABILITIES					
Equity					
Share capital	18	13, 571, 077	65, 800	13, 571, 077	65, 800
(Accumulated losses) Retained earnings		261, 225	1, 982, 038	(835, 606)	1, 015, 842
Capital reserves		–	509	–	–
Share option reserve	20	228, 000	–	228, 000	–
Foreign currency translation reserves	19	(199, 807)	166, 604	–	–
Equity attributable to owners of the parent		13, 860, 495	2, 214, 951	12, 963, 471	1, 081, 642
Non–controlling interests		(368, 054)	63, 791	–	–
Total equity		13, 492, 441	2, 278, 742	12, 963, 471	1, 081, 642
Non current liabilities					
Other financial liabilities	23	30, 573	–	–	–
		30, 573	–	–	–
Current liabilities					
Income tax payable		35, 258	72, 924	–	–
Trade and other payables	21	3, 410, 856	3, 681, 158	1, 824, 938	1, 577, 206
Other financial liabilities	23	5, 008	–	–	–
Other liabilities	22	339, 310	164, 192	–	–
Total current liabilities		3, 790, 432	3, 918, 274	1, 824, 938	1, 577, 206
Total liabilities		3, 821, 005	3, 918, 274	1, 824, 938	1, 577, 206
Total equity and liabilities		17, 313, 446	6, 197, 016	14, 788, 409	2, 658, 848

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the year ended 31 December 2015

	Total equity	Attributable to parent Sub–total	Share capital	(Accumu-lated losses) Retained earnings	Capital reserves	Share option reserves	Foreign currency translation reserves	Non–controlling interests
	$	$	$	$	$	$	$	$
Group:								
Current year:								
Balance at 1 January 2015	2, 278, 742	2, 214, 951	65, 800	1, 982, 038	509	–	166, 604	63, 791
Movements in equity:								
Total comprehensive loss for the year	(1, 886, 316)	(1, 528, 557)	–	(1, 162, 146)	–	–	(366, 411)	(357, 759)
Issue of share capital (Note 18)	12, 921, 265	12, 921, 265	12, 921, 265	–	–	–	–	–
Share issue costs (Note 18)	(959, 250)	(959, 250)	(959, 250)	–	–	–	–	–
Acquisition of remaining interests in an associate (Note 13A, 18)	910, 000	910, 000	910, 000	–	–	–	–	–
Acquisition of non–controlling in-terests without a change in control (Note 13, 18)	–	74, 086	633, 262	(559, 176)	–	–	–	(74, 086)
Transfer to retained earnings	–	–	–	509	(509)	–	–	–
Equity share options issued (Note 20)	228, 000	228, 000	–	–	–	228, 000	–	–
Balance at 31 December 2015	13, 492, 441	13, 860, 495	13, 571, 077	261, 225	–	228, 000	(199, 807)	(368, 054)
Previous year:								
Balance at 1 January 2014	1, 456, 120	1, 539, 666	65, 800	1, 443, 490	509	–	29, 867	(83, 546)
Movements in equity:								
Total comprehensive income for the year	938, 692	791, 355	–	654, 618	–	–	136, 737	147, 337
Dividends paid by subsidiary to director	(116, 070)	(116, 070)	–	(116, 070)	–	–	–	–
Balance at 31 December 2014	2, 278, 742	2, 214, 951	65, 800	1, 982, 038	509	–	166, 604	63, 791

The accompanying notes form an integral part of these financial statements.

	Total equity	Share capital	Share option reserves	Retained earnings (Accumulated losses)
	$	$	$	$
Company:				
Current year:				
Opening balance at 1 January 2015	1, 081, 642	65, 800	–	1, 015, 842
Movements in equity:				
Total comprehensive loss for the year	(1, 851, 448)	–	–	(1, 851, 448)
Issue of share capital (Note 18)	12, 921, 265	12, 921, 265	–	–
Share issue costs (Note 18)	(959, 250)	(959, 250)	–	–
Acquisition of remaining interests in an associate (Note 13A, 18)	910, 000	910, 000	–	–
Acquisition of non–controlling interests without a change in control (Note 13, 18)	633, 262	633, 262	–	–
Equity share options issued (Note 20)	228, 000	–	228, 000	–
Closing balance at 31 December 2015	12, 963, 471	13, 571, 077	228, 000	(835, 606)
Previous year:				
Opening balance at 1 January 2014	1, 200, 970	65, 800	–	1, 135, 170
Movements in equity:				
Total comprehensive loss for the year	(119, 328)	–	–	(119, 328)
Closing balance at 31 December 2014	1, 081, 642	65, 800	–	1, 015, 842

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year Ended 31 December 2015

	Group	
	2015	2014
	$	$
Cash flows from operating activities		
(Loss) Profit before tax	(1, 344, 515)	1, 010, 452
Adjustment for:		
Impairment in investment in associates (Note 6)	68, 074	324, 447
Depreciation of property, plant and equipment	125, 231	118, 022
Gain on disposal of property, plant and equipment	(32, 772)	–
Fair value adjustment of associate before change in control (Note 13A)	(192, 122)	–
Share of loss (profit) from associates	4, 742	(189, 189)
Issue of share options (Note 20)	228, 000	–
Interest income	(117, 710)	(22, 492)
Interest expenses	28, 348	28, 295
Operating cash flow before changes in working capital	(1, 232, 724)	1, 269, 535
Other assets	32, 621	(73, 228)
Trade and other receivables	(98, 446)	188, 533
Trade and other payables	(301, 173)	(495, 568)
Other liabilities	175, 118	150, 953
Net cash flows (used in) from operations	(1, 424, 604)	1, 040, 225
Interest paid	(28, 348)	(28, 295)
Income taxes paid	(135, 759)	(215, 348)
Net cash (used in) from operating activities	(1, 588, 711)	796, 582
Cash flows from investing activities		
Acquisition of subsidiary, net of cash (Note 13A)	72, 107	–
Dividend from associate	56, 830	–
Interest received	117, 710	22, 492
Purchase of property, plant and equipment (Note 17)	(66, 317)	(125, 290)
Proceeds from disposal of property, plant and equipment	51, 556	6, 423
Net cash from (used in) investing activities	231, 886	(96, 375)

	Group	
	2015	2014
	$	$
Cash flows from financing activities		
Dividend paid to shareholder	–	(116, 070)
Share issue costs (Note 18)	(959, 250)	–
Movements in amount due to director	89, 865	633, 350
Movements in amounts due from related parties	(12, 252)	15, 843
Movements in amounts due from associates	98, 771	(162, 356)
Proceeds from issue of ordinary shares (Note 18)	12, 921, 265	–
Net cash from (used in) financing activities	12, 138, 399	370, 767
Net increase in cash and cash equivalents	10, 781, 574	1, 070, 974
Cash and cash equivalents, statement of cash flows, beginning balance	2, 235, 948	1, 130, 255
Effects of currency translation on cash and cash equivalent	(115, 805)	34, 719
Cash and cash equivalents, statement of cash flows, ending balance (Note 17)	12, 901, 717	2, 235, 948

Notes to the Financial Statements

31 December 2015

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as "parent") and its subsidiaries (referred to as "group").

The board of directors approved and authorised these financial statements for issue on the date of the statement of directors.

On 20 April 2015, the company changed its name from Netccentric Pte. Ltd. to its present name upon its conversion to a public company. On 6 July 2015, the company was listed on the Australian Stock Exchange ("ASX").

The principal activities of the company are those of investment holding. The principal activities of its subsidiaries are described in Note 13 below.

The registered office is 38 Kinta Road, #02–03, Singapore 219107. The Company is situated in Singapore.

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for

1. General (continued)

Basis of presentation (continued)

like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non–controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available–for–sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of comprehensive income is not presented.

2. Summary of significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes, estimated returns and rebates.

Services with advertisers are campaign based and revenue as well as the cost of sales (blogger costs) are recognised on a percentage of completion basis over the period of the campaign.

Interest income is recognised using the effective interest method.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

2. Summary of significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Employee benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund which is the Central Provident Fund in Singapore (a government managed retirement benefit plan) and other foreign jurisdictions.

For employee leave entitlement the expected cost of short–term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non–accumulating compensated absences, when the absences occur.

A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associates except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

2. Summary of significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Share–based compensation

For the equity–settled share–based compensation transactions, the fair value of the share options is recognised as an expense. The total amount to be expensed on a straight–line basis over the vesting period is measured by reference to the fair value of the options granted ignoring the effect of non–market conditions such as profitability and sales growth targets. Non–market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The fair value is measured using a relevant option pricing model. The expected lives used in the model are adjusted, based on management's best estimate, for the effects of non–transferability, exercise restrictions and behavioural considerations. At each end of the reporting year, a revision is made of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non–functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the combined financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and income and expense items for each statement presenting other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Segment reporting

The group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2. Summary of significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post–acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation.

Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

2. Summary of significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Associates (continued)

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

Business combinations are accounted for by applying the acquisition method.

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition–related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non–controlling interest in the acquiree measured at acquisition–date fair values as defined in and that meet the conditions for recognition under FRS 103. For business combinations achieved in stages, any equity interest held in the acquiree is remeasured immediately before achieving control at its acquisition–date fair value and any resulting gain or loss is recognised in profit or loss.

As disclosed in Note 13 of the financial statements, a restructuring exercise was undertaken. The business combination involved entities or businesses under common control that is, a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The business combination in such situation is accounted for under the pooling–of–interests or merger method.

Under the pooling–of–interests method, the combined assets, liabilities and reserves of the pooled enterprises are recorded at their existing carrying amounts at the date of amalgamation. The excess or deficiency of amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) over the amount recorded for the share capital acquired is to be adjusted to the retained earnings.

Pursuant to the restructuring, the same individual vendor shareholder has ultimate power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate power is not transitory.

2. Summary of significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The useful lives of depreciation are as follows:

Computer equipment	–	1 – 5 years
Furniture and fittings	–	1 – 10 years
Office equipment	–	1 – 10 years

2. Summary of significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Property, plant and equipment (continued)

Production equipment	–	3 years
Motor vehicles	–	5 years
Renovation	–	10 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight–line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

2. Summary of significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Impairment of non–financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non–financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash–generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash–generating units). At each end of the reporting year non–financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year there were no financial assets classified in this category.

2. Summary of significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Financial assets (continued)

2. Loans and receivables: Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short–duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held–to–maturity financial assets: As at end of the year there were no financial assets classified in this category.

4. Available–for–sale financial assets: As at end of the year there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

2. Summary of significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Financial liabilities (continued)

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Financial liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re–measured, as the obligation is usually known with a high degree of certainty and settlement is short–term.

Fair value of measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market–based measurement, not an entity–specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non–financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand–alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

2. Summary of significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Fair value of measurement (continued)

Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid–ask spread or mid–market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short–term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non–current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre–tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2B. Other explanatory information

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

2. Summary of significant accounting policies and other explanatory information (continued)

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Allowance for doubtful and other trade receivables

An allowance is made for doubtful trade and other receivables for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade and other receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in Note 15 on trade and other receivables.

Income tax amounts

The entity recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in Note 9 on income tax.

Share–based payments

Share–based payments are measured at grant date fair value. For share options granted, in many cases market prices are not available and therefore the fair value of the options granted shall be estimated by applying an option pricing model. For example, option pricing models need input data such as expected volatility of the share price, expected dividends or the risk–free interest rate for the life of the option. The overall objective is to approximate the expectations that would be reflected in a current market or negotiated exchange price for the option. As a matter of fact, such assumptions and inputs are subject to judgements and may turn out to be significantly different compared to what expected. The assumptions and inputs used are disclosed in Note 20 on share options.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

Related companies in these financial statements include the members of the group. Associates also include those that are associates of members of the company.

3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and any financial guarantees are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item include the following:

	Group	
	2015	2014
	$	$
Rendering of services from associates	(6, 849)	(28, 754)
Development fee income from associates	(34, 313)	(20, 813)
Recharges of expenses to associates	51, 491	46, 464
Rental expense paid to related party	(154, 881)	(155, 084)

The related party, TBC Builders Pte Ltd, is a firm belonging to the father of Cheo Ming Shen @ Tong Ming Shen, a director of the company.

During the reporting year, the company disposed all its interests in its associate, Jipaban Pte Ltd to its director Cheo Ming Shen @ Tong Ming Shen for nil consideration.

3B. Key management compensation:

	Group	
	2015	2014
	$	$
Salaries and other short-term employee benefits	563, 921	399, 378

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

3. Related party relationships and transactions (continued)

3B. Key management compensation (continued):

	Group	
	2015	2014
	$	$
Fees to directors of the company	50, 795	–
Remuneration of directors of the company	513, 126	399, 378

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management compensation are for five directors (2014: two) of the company.

3C. Other receivables from and other payables to related parties:

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements. The movements in other receivables from and other payables to related parties are as follows:

	Director			
	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Other receivables (payables):				
Balance at beginning of the year – net credit	(633, 350)	–	(265, 259)	(265, 259)
Amounts paid out and settlement of liabilities on behalf of a director	–	61, 293	–	–
Amounts paid in and settlement of liabilities on behalf of the company	(89, 865)	(694, 643)	–	–
Balance at end of the year – net credit	(723, 215)	(633, 350)	(265, 259)	(265, 259)
Presented in the statement of financial position as follows:				
Other receivables (Note 15)	2, 299	61, 293	992	992
Other payables (Note 21)	(725, 514)	(694, 643)	(266, 251)	(266, 251)
Balance at end of the year	(723, 215)	(633, 350)	(265, 259)	(265, 259)

3. Related party relationships and transactions (continued)

3C. Other receivables from and other payables to related parties (continued):

	Related parties			
	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Other receivables:				
Balance at beginning of the year – net debit	29, 681	45, 524	40, 620	40, 620
Amounts paid out and settlement of liabilities on behalf of related parties	12, 252	–	–	–
Amounts paid in and settlement of liabilities on behalf of the company	–	(15, 843)	–	–
Allowance for impairment (Note 15)	(40, 620)	–	(40, 620)	–
Balance at end of the year– net debit (Note 15)	1, 313	29, 681	–	40, 620

	Subsidiaries	
	2015	2014
	$	$
Company:		
Other receivables (payables):		
Balance at beginning of the year – net debit (credit)	548, 790	(1, 265, 162)
Amounts paid out and settlement of liabilities on behalf of subsidiaries	(367, 114)	(48, 350)
Allowance for impairment (Note 15)	(357, 182)	–
Amounts paid in and settlement of liabilities on behalf of the company	506, 137	1, 862, 302
Balance at end of the year – net debit	330, 631	548, 790
Presented in the statement of financial position as follows:		
Other receivables (Note 15)	708, 731	1, 008, 731
Other payables (Note 21)	(378, 100)	(459, 941)
Balance at end of the year	330, 631	548, 790

	Associates			
	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Other receivables:				
Balance at beginning of the year	162, 356	–	36, 447	(2, 649)
Amounts paid out and settlement of liabilities on behalf of associates	(98, 771)	–	–	–
Amounts paid in and settlement of liabilities on behalf of the company	–	162, 356	7, 115	39, 096
Balance at end of the year (Note 15)	63, 585	162, 356	43, 562	36, 447

4. Financial information by operating segment

4A. Information about reportable segment profit or loss, assets and liabilities

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.

4. Financial information by operating segment (continued)

4A. Information about reportable segment profit or loss, assets and liabilities (continued)

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

	2015	2014
	$	$
Business Units		
Influencer Platform	8, 948, 885	6, 733, 914
Display Ad Network	755, 111	2, 288, 955
Social Media Agency	970, 012	757, 000
Digital Asset Production	1, 396, 919	544, 640
Others	7, 408	–
Total	12, 078, 335	10, 324, 509
Country		
Singapore	4, 071, 286	2, 383, 977
Malaysia	4, 467, 750	4, 410, 728
Australia	1, 381, 992	1, 554, 435
Thailand	1, 480, 544	1, 252, 954
China	542, 653	653, 408
United Kingdom	134, 110	69, 007
Total	12, 078, 335	10, 324, 509
Information about major customers		
Top 1 customer	1, 330, 623	1, 760, 311
Top 2 customers	1, 748, 798	2, 064, 574
Top 3 customers	2, 087, 650	2, 366, 788

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.

5. Revenue

	Group	
	2015	2014
	$	$
Rendering of services	12, 078, 335	10, 324, 509

6. Other gains and (other losses)

	Group	
	2015	2014
	$	$
Allowance for impairment on trade receivables (Note 15)	(217, 443)	(7, 000)
Allowance for impairment on other receivables (Note 15)	(40, 620)	–
Allowance for impairment on investment in associates (Note 14)	(68, 074)	(324, 447)
Bad debts written off trade receivables	(63, 793)	–
Foreign exchange adjustment loss	(48, 786)	–
Gain on disposal of property, plant and equipment	32, 772	–
Fair value adjustment of associate before change in control (Note 13A)	192, 122	–
Government grants	160, 533	66, 730
Other income	110, 515	116, 936
Net	57, 226	(147, 781)
Presented in profit or loss as:		
Other gains	495, 942	183, 666
Other losses	(438, 716)	(331, 447)
Net	57, 226	(147, 781)

7. Finance costs

	Group	
	2015	2014
	$	$
Interest expense	28, 348	28, 295

8. Employee benefits expense

	Group	
	2015	2014
	$	$
Salaries and wages	4, 820, 260	3, 586, 253
Contributions to defined contribution plan	457, 133	286, 796
Other benefits	283, 185	80, 149
Total employee benefits expense	5, 560, 578	3, 953, 198

9. Income tax

9A. Components of income tax recognised in profit or loss include:

	Group	
	2015	2014
	$	$
Current tax expense:		
Current tax expense	62, 962	183, 913
Under–adjustment in respect of prior periods	35, 131	37, 062
Subtotal	98, 093	220, 975
Deferred tax expense (income):		
Deferred tax expense (income)	13, 571	(12, 478)
Subtotal	13, 571	(12, 478)
Total income tax expense	111, 664	208, 497

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2014: 17%) to profit or loss before income tax as a result of the following differences:

9. Income tax (continued)

9A. Components of income tax recognised in profit or loss include (continued):

	Group	
	2015	2014
	$	$
(Loss) Profit before tax	(1, 344, 515)	1, 010, 452
Less: Share of loss (profit) from equity–accounted associates	4, 742	(189, 189)
	(1, 339, 773)	821, 263
Income tax (income) expense at the above rate	(227, 761)	139, 615
Effect of different tax rates in foreign jurisdictions	(13, 006)	16, 370
Expenses not deductible for tax purposes	220, 410	13, 426
Deferred tax assets not recognised	180, 289	24, 863
Tax incentives	–	(10, 859)
Partial income tax exemption	(82, 610)	(23, 251)
Previously unrecognised deferred tax assets recognised	(13, 070)	–
Under–adjustments to tax in respect of prior periods	35, 131	37, 062
Other minor items less than 3% each	12, 281	11, 271
Total income tax expense	111, 664	208, 497

There are no income tax consequences of dividends to owners of the company.

9B. Deferred tax expense (income) recognised in profit or loss includes:

	Group	
	2015	2014
	$	$
Deferred tax assets (liabilities) recognised in profit or loss:		
Deferred tax assets not recognised	(180, 289)	(24, 863)
Deferred tax from share based payments	38, 760	–
Tax loss carryforwards	116, 946	22, 341
Excess of book value of property, plant and equipment over tax values	11, 012	15, 000
Net balance	(13, 571)	12, 478

9. Income tax (continued)

9C. Deferred tax balance in the statement of financial position:

	Group	
	2015	2014
	$	$
Deferred tax assets (liabilities) recognised in profit or loss:		
Deferred tax assets not recognised	205, 152	24, 863
Deferred tax from share-based payments	(38, 760)	–
Tax loss carryforwards	(190, 975)	(46, 887)
Excess of book value of property, plant and equipment over tax values	31, 303	42, 315
Net balance	6, 720	20, 291

The above deferred tax assets have not been recognised in respect of the remaining balance, as the future profit streams are not probable against which the deductible temporary difference can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

Temporary differences arising in connection with interests in subsidiaries and associates are insignificant.

10. (Loss) Earnings per share

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

	2015	2014
	$	$
A. Numerator: (loss) earnings attributable to equity:		
Continuing operations:		
Total basic and diluted (loss) earnings attributable to owners of the parent	(1, 162, 146)	654, 618
B. Denominator: weighted average number of equity shares		
Basic and diluted	228, 723, 323	192, 399, 200 [(a)]

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

The basic (losses) earnings 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.

(a) As detailed in Note 18, the company effected a sub–division of its ordinary share capital during the year. For comparability purpose, the weighted number of equity shares for the previous reporting year has effected the same sub–division since the beginning of the reporting year ended 31 December 2014.

There is no dilutive effect from the share options as they are anti–dilutive because their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations.

11. Property, plant and equipment

	Computer Equipment	Furniture and fittings	Office equipment	Production equipment	Motor vehicles	Renovation	Total
	$	$	$	$	$	$	$
Group							
Cost:							
At 1 January 2014	251, 239	53, 895	52, 074	17, 931	231, 347	4, 547	611, 033
Foreign exchange adjustments	(997)	–	–	–	–	–	(997)
Additions	50, 607	56, 727	6, 502	–	–	11, 454	125, 290
Disposals	(3, 959)	–	–	–	–	–	(3, 959)
Written off	(10, 678)	–	(172)	–	–	–	(10, 850)
At 31 December 2014	286, 212	110, 622	58, 404	17, 931	231, 347	16, 001	720, 517
Foreign exchange adjustments	(16, 261)	(8, 998)	(4, 597)	–	(26, 275)	(219)	(56, 350)
Additions	41, 025	10, 204	7, 578	7, 510	82, 704	–	149, 021
Disposals	–	–	–	–	(118, 859)	–	(118, 859)
Written off	(6, 254)	–	(20, 483)	–	–	(4, 620)	(31, 357)
Acquisition of subsidiary (Note 13A)	81, 602	7, 588	10, 270	–	–	13, 229	112, 689
At 31 December 2015	386, 324	119, 416	51, 172	25, 441	168, 917	24, 391	775, 661
Accumulated depreciation:							
At 1 January 2014	157, 631	21, 125	39, 168	9, 332	128, 510	93	355, 859
Foreign exchange adjustments	–	–	(5, 886)	–	–	(27)	(5, 913)
Depreciation for the year	51, 396	9, 527	4, 353	5, 977	46, 464	305	118, 022
Disposals	(3, 551)	–	–	–	–	–	(3, 551)
Written off	(4, 663)	–	(172)	–	–	–	(4, 835)
At 31 December 2014	200, 813	30, 652	37, 463	15, 309	174, 974	371	459, 582
Foreign exchange adjustments	(10, 791)	(2, 722)	(2, 930)	(35)	(21, 167)	478	(37, 167)
Depreciation for the year	51, 203	15, 594	11, 834	3, 188	36, 210	7, 202	125, 231
Disposal	–	–	–	–	(103, 011)	–	(103, 011)
Written off	(6, 141)	–	(22, 280)	–	–	–	(28, 421)
Acquisition of subsidiary (Note 13A)	69, 900	6, 251	3, 723	–	–	6, 443	86, 317
At 31 December 2015	304, 984	49, 775	27, 810	18, 462	87, 006	14, 494	502, 531
Net book value:							
At 1 January 2014	93, 608	32, 770	12, 906	8, 599	102, 837	4, 454	255, 174
At 31 December 2014	85, 399	79, 970	20, 941	2, 622	56, 373	15, 630	260, 935
At 31 December 2015	81, 340	69, 641	23, 362	6, 979	81, 911	9, 897	273, 130

Depreciation expense is included under administrative and operating expenses in profit and loss.

12. Intangible asset

	Group	
	2015	2014
	$	$
Goodwill	697, 879	–

12A. Goodwill

	Group	
	2015	2014
	$	$
Cost at beginning of the year	–	–
Arising from business combination (Note 13A)	697, 879	–
Balance at end of the year	697, 879	–

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Goodwill is attributed by the acquisition of the respective subsidiary as follow:

	Group	
	2015	2014
	$	$
Name of subsidiary:		
Ripplewerkz Pte Ltd (Note 13A)	697, 879	–

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of cash-generating units have been measured based on the fair value less costs of disposal method or the value in use method as appropriate for the separate CGUs.

The goodwill arose from the group's acquisition of digital asset production business in 2015. The value in use was measured by management using a discounted cash flow model covering a five year period of the digital asset production business CGU. Cash flow projections were based on a one-year budget. Cash flow projections beyond that one-year budget have been extrapolated on the basis of a 5% growth rate per annum. A terminal growth of 2% was used. The discount rate was 12% which reflects current market assessment of the risks specific to the asset.

12. Intangible assets (continued)

12A. Goodwill (continued)

No impairment allowance was recognised because the carrying amount of all cash–generating units was lower than their recoverable amount.

Sensitivity analysis:

If a post–tax discount rate of 12.5% was used (which is 0.5% higher than management's estimates), an impairment of $38,600 would have been recognised. If a terminal growth rate of 1% was used (which is 1% lower than the management's estimates), an impairment of $46,700 would have been recognised.

13. Investments in subsidiaries

	Company	
	2015	2014
	$	$
Movements during the year. At cost:		
Balance at beginning of the year	454, 566	454, 566
Acquisitions	1, 643, 036	–
Transfer of cost from investment in associates due to change in control (Note 14)	10, 000	–
Allowance for impairment	(148, 955)	–
Cost at end of the year	1, 958, 647	454, 566
Total cost comprising:		
Unquoted equity shares at cost	2, 107, 602	454, 566
Allowance for impairment	(148, 955)	–
Total at cost	1, 958, 647	454, 566
Net book value of subsidiaries	1, 519, 446	1, 744, 077

Analysis of above amount denominated in non–functional currencies:

	2015	2014
	$	$
Australian Dollars	31, 524	31, 524
British Pounds	117, 612	117, 612
Hong Kong Dollars	148, 755	148, 755
Malaysian Ringgit	343, 407	34, 083
Thai Baht	79, 803	79, 803

13. Investments in subsidiaries (continued)

	2015	2014
	$	$
Movement in allowance for impairment:		
Balance at beginning of the year	–	–
Impairment loss charged to profit or loss	148, 955	–
Balance at end of the year	148, 955	–

The decreasing performance of subsidiaries Nuffnang ECPOD Holding Limited and NuffangX Pte Ltd were considered sufficient evidence as an impairment assessment. Both companies are in a net tangible liabilities position as at end of the reporting year with net losses. As such, an impairment loss amounting to the full cost of investment of S$148, 755 and S$200 respectively was charged to profit and loss.

The subsidiaries held by the company and the group are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors	Cost in books of group		Effective percentage of equity held by group	
	2015	2014	2015	2014
	$	$	%	%
Held by the company				
Nuffnang Australia Pty Ltd. (2)	31, 524	31, 524	51	51
Australia				
Provision of online advertising and management services				
(RSM Australia)				
Nom Nom Media Sdn. Bhd. (2)	11, 986	11, 986	100	100
Malaysia				
Sales agent for advertising services				
(RSM Malaysia)				
Churp Churp Media Sdn. Bhd. (2)	1	1	100	100
Malaysia				
Provision of online advertising and management services				
(RSM Malaysia)				
Netccentric Sdn. Bhd. (2)	12, 207	12, 207	100	100
Malaysia				
Internet advertising				
(RSM Malaysia)				

13. Investments in subsidiaries (continued)

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors	Cost in books of group		Effective percentage of equity held by group	
	2015	2014	2015	2014
	$	$	%	%
Nuffnang Sdn. Bhd. (2), (5)	319, 213	9, 890	100	83
Malaysia				
Provision of online advertising and management services				
(RSM Malaysia)				
Nuffnang Pte Ltd (1), (5)	335, 639	11, 926	100	79
Singapore				
Provision of online advertising and management services				
(RSM Chio Lim LLP)				
Churp Churp Pte Ltd (1)	1	1	100	100
Singapore				
Provision of online advertising and management services				
(RSM Chio Lim LLP)				
Reelity Tv Private Limited (3)	51	51	51	51
Singapore				
Advertising activities				
(KJ Tan & Co)				
NuffnangX Pte Ltd (3)	200	200	100	100
(previously known as FTW Tech Pte Ltd)				
Singapore				
Development of e–commerce applications				
(KJ Tan & Co)				
Nom Nom Media Private Limited (1)	10	10	100	100
Singapore				
Sales agent for advertising services				
(RSM Chio Lim LLP)				

13. Investments in subsidiaries (continued)

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors	Cost in books of group		Effective percentage of equity held by group	
	2015	2014	2015	2014
	$	$	%	%
Sashimi Private Limited (1)	30, 600	30, 600	51	51
Singapore				
Social media agency				
(RSM Chio Lim LLP)				
Nuffnang (Thailand) Co. Ltd (2)	79, 803	79, 803	51	51
Thailand				
Provison of online advertising and management services				
(RSM Thailand)				
Nuffnang Ltd (4)	117, 612	117, 612	60	60
United Kingdom				
Provision of online advertising and management				
Nuffnang– ECpod Holding Limited (3)	148, 755	148, 755	63	63
Hong Kong				
Provision of online advertising and management				
(Cheer Link CPA Limited)				
Ripplewerkz Pte Ltd (1), (6)	1, 020, 000	–	100	–
Singapore				
Website Development				
(RSM Chio Lim LLP)				
	2, 107, 602	454, 566		
Held by subsidiaries				
Sashimi Social Sdn Bhd (2)	11, 929	11, 929	100	100
Malaysia				
Social media agency				
(RSM Malaysia)				

13. Investments in subsidiaries (continued)

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors	Cost in books of group		Effective percentage of equity held by group	
	2015	2014	2015	2014
	$	$	%	%
Sashimi SG Pte Ltd (1)	16, 000	16, 000	80	80
Singapore				
Social media agency				
(RSM Chio Lim LLP)				
Ripplewerkz Company Co (3)	40, 422	40, 422	100	100
Thailand				
Website development				
(GBS Audit Company Limited)				
Nuffnang China Limited (3)	176, 569	176, 569	82	82
Hong Kong				
Internet advertising				
(Cheer Link CPA Limited)				
Nuffnang Beijing WOFE (3)	310, 247	310, 247	100	100
Internet advertising				
China				
(Beijing Yongqin Certified Public Accountants Co., Ltd)				

(1) Audited by RSM Chio Lim LLP.

(2) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(3) Other independent auditors. Audited by firms of accountants other than member firms of RSM Internati onal of which RSM Chio Lim LLP in Singapore is a member.

(4) Not subject to audit requirements in the foreign jurisdictions.

(5) On 6 July 2015, pursuant to a share swap arrangement, the company allotted 3, 006, 860 ordinary shares based on the share price on the date of listing of no par value amounting to S$323, 938 and S$309, 324 to certain non–controlling interests in Nuffnang Pte Ltd and Nuffnang Sdn Bhd respectively. These led to an increase in share capital for Nuffnang Pte Ltd from 78% to 100% and for Nuffnang Sdn Bhd from 82.5% to 100% respectively.

On the same date, the non–controlling interest in both entities transferred all its shareholdings to the company. The shares were allotted at no cost. Accordingly, the differences arising from the transaction between the share capital allotted and the share of net assets acquired amounting to S$559, 176 has been taken to retained earnings in equity.

(6) Refer to Note 13A

13A. Change in control from associate to subsidiary

On 6 July 2015, the company allotted 4,550,000 ordinary shares of no par value amounting to $910,000 to acquire the remaining 10,001 ordinary shares (or 50%) in Ripplewerkz Pte Ltd ("Ripplewerkz"). From that date, the group gained control and it became a subsidiary. Ripplewerkz was accounted for as an associate for the reporting year ended 31 December 2014.

The consideration transferred is as follows:

	2015 $
Consideration transferred:	
4, 550, 000 shares issued at market price	910, 000
Fair value of equity interest held before change in control taken to profit or loss (Note 6)	192, 122
Total consideration transferred	1, 102, 122

The fair values of identifiable assets acquired and liabilities assumed shown below for Ripplewerkz Pte Ltd are provisional as the hindsight period (of not more than twelve months) allowed by FRS 103 Business Combinations has not yet expired. A detailed report from an independent professional valuer on the fair values is expected to be available in time for the next set of financial statements.

	Provisional fair value $
Plant and equipment	26, 372
Trade and other receivables	495, 940
Cash and cash equivalents	72, 107
Trade and other payables	(190, 176)
Net asset acquired	404, 243

Goodwill arising on acquisition:

The goodwill arising on acquisition is as follows:

	2015 $
Consideration transferred	1, 102, 122
Fair value of identifiable net assets acquired	(404, 243)
Goodwill arising on acquisition	697, 879

13. Investments in subsidiaries (continued)

13A. Change in control from associate to subsidiary (continued)

The non-controlling interest of 50% in the acquiree at the acquisition date was measured based on the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The contributions from the acquired subsidiary for the period between the date of acquisition and the end of the reporting year were as follows:

	Group	
	From date of acquisition in	For the reporting year
	2015	2015
	$	$
Revenue	430, 924	729, 966
Loss (Profit) before income tax	(22, 772)	162, 588

During the reporting year, the company further increased its investment in Ripplewerkz by an additional S$100,000 which increased its total investment to $1,020,000.

13B. Subsidiaries with material non-controlling interests ("NCI")

The summarised financial information of the subsidiaries with non-controlling interests that are material to the group, not adjusted for the percentage ownership held by the group is, as follows:

	Nuffnang Australia Pty Ltd		Nuffnang (Thailand) Co., Ltd	
	2015	2014	2015	2014
	$	$	$	$
(Loss) Profit allocated to non-controlling interests of subsidiaries during the year	(161, 687)	23	(133, 928)	30, 501
Accumulated non-controlling interests of subsidiaries at the end of the reporting year	(351, 930)	(1, 431)	(71, 099)	55, 585

Summarised statement of financial position

	Nuffnang Australia Pty Ltd		Nuffnang (Thailand) Co. , Ltd	
	2015	2014	2015	2014
	$	$	$	$
Non-current assets	–	5, 301	108, 976	126, 290
Current assets	403, 870	499, 587	560, 690	615, 969
Total assets	403, 870	504, 888	669, 666	742, 259
Current liabilities	986, 813	766, 664	654, 078	464, 580
Total liabilities	986, 813	766, 664	654, 078	464, 580
Net (liabilities) assets	(582, 943)	(261, 776)	15, 588	277, 679

13. Investments in subsidiaries (continued)

13B. Subsidiaries with material non-controlling interests ("NCI") (continued)

Summarised statement of comprehensive income

	Nuffnang Australia Pty Ltd		Nuffnang (Thailand) Co. , Ltd	
	2015	2014	2015	2014
	$	$	$	$
Revenue	1, 404, 627	1, 751, 873	1, 526, 502	1, 514, 952
Profit before income tax	(332, 235)	5, 484	(261, 054)	80, 379
Income tax expense	–	–	–	(19, 615)
Profit and total comprehensive (loss) income for the year	(332, 235)	5, 484	(261, 054)	60, 764

Summarised statement of cash flow

	Nuffnang Australia Pty Ltd		Nuffnang (Thailand) Co. , Ltd	
	2015	2014	2015	2014
	$	$	$	$
Net cash (outflow) inflow from operating activities	(130, 120)	195, 800	130, 723	14, 260
Net cash outflow from investing activities	(1, 987)	(1, 807)	(10, 739)	(54, 079)
Net cash inflow from financing activities	–	–	–	39, 047
Net (decrease) increase in cash and cash equivalents	(132, 108)	193, 993	119, 984	(772)
Cash and cash equivalents at beginning of financial year	234, 183	51, 838	54, 360	55, 123
Cash and cash equivalent at the end of the financial year	102, 076	245, 831	174, 344	54, 351

14. Investments in associates

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Movements in carrying value:				
Balance at beginning of the year	227, 563	419, 453	95, 006	419, 453
Foreign exchange adjustments	(26, 508)	(56, 632)	–	–
Transfer to investment in subsidiaries due to change in control (Note 13)	(10, 000)	–	(10, 000)	–
Dividend income received	(56, 830)	–	–	–
Allowance for impairment (Note 6)	(68, 074)	(324, 447)	(68, 074)	(324, 447)
Share of the (loss) profit for the year	(4, 742)	189, 189	–	–
Total at end of the year	61, 409	227, 563	16, 932	95, 006

14. Investments in associates (continued)

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Carrying value comprising:				
Unquoted equity share at cost	133, 356	419, 453	133, 356	419, 453
Allowance for impairment	(116, 424)	(324, 447)	(116, 424)	(324, 447)
	16, 932	95, 006	16, 932	95, 006
Share of net book value of associates	63, 081	201, 642	63, 081	201, 642

	Group and Company	
	2015	2014
	$	$
Movement in above allowance for impairment:		
Balance at beginning of the year	324, 447	–
Impairment loss charged to profit or loss included in other losses (Note 6)	68, 074	324, 447
Impairment allowance used	(276, 097)	–
Balance at end of the year	116, 424	324, 447

The listing of and information on the associates is given below:

Name of associates, country of incorporation, place of operations, principal activities and independent auditors	Cost in books of group		Effective percentage of equity held by group	
	2015	2014	2015	2014
	$	$	%	%
Exteen Co. , Ltd (2)	116, 424	116, 424	49	49
Thailand Making website and advertisement (RSM Thailand)				
Nuffnang Philippines Inc. (3)	16, 932	16, 932	40	40
Marketing of internet placements (Sycip Gorres Velayo & Co.)				
Ripplewerkz Pte Ltd (1)	–	10, 000	–	50
Singapore Website Development (RSM Chio Lim LLP)				
Jipaban Pte Ltd (4)	–	276, 097	–	30
Singapore E–Commerce Business (KJ Tan & Co)				
	133, 356	419, 453		

(1) Audited by RSM Chio Lim LLP.

(2) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(3) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(4) The associate was disposed off during the reporting year ended 31 December 2015.

14. Investments in associates (continued)

These associates are considered not material to the reporting entity. The summarised financial information of all the non–material associates and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associates are as follows. These are adjusted to reflect adjustments made by the reporting entity when using the equity method.

	Group	
	2015	2014
	$	$
Aggregate for all non–material associates:		
Loss from continuing operations	(16, 695)	(117, 547)
Net assets of the associates	63, 081	201, 642

15. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Trade receivables:				
Outside parties	3, 111, 826	2, 680, 339	–	–
Less allowance for impairment	(217, 443)	(7, 000)	–	–
Subsidiaries (Note 3)	–	–	1, 054, 181	833, 998
Less allowance for impairment	–	–	(60, 846)	–
Associates (Note 3)	13, 083	148, 357	12, 568	22, 544
Related parties (Note 3)	–	–	–	–
Net trade receivables – subtotal	2, 907, 466	2, 821, 696	1, 005, 903	856, 542
Other receivables:				
Outside parties	104, 692	94, 153	13, 645	1, 104
Directors (Note 3)	2, 299	61, 293	992	992
Subsidiaries (Note 3)	–	–	1, 065, 913	1, 008, 731
Allowance for impairment	–	–	(357, 182)	–
Associates (Note 3)	63, 585	162, 356	43, 562	36, 447
Related parties (Note 3)	41, 933	29, 681	40, 620	40, 620
Allowance for impairment	(40, 620)	–	(40, 620)	–
Tax recoverable	186, 474	143, 717	–	–
Net other receivables – subtotal	358, 363	491, 200	766, 930	1, 087, 894
Total trade and other receivables	3, 265, 829	3, 312, 896	1, 772, 833	1, 944, 436

15. Trade and other receivables (continued)

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Movements in above allowance:				
Balance at beginning of the year	7, 000	–	–	–
Charge for trade receivables to profit or loss included in other losses (Note 6)	217, 443	7, 000	60, 846	–
Charge for other receivables to profit or loss included in other losses (Note 6)	40, 620	–	397, 802	–
Used	(7, 000)	–	–	–
Balance at end of the year	258, 063	7, 000	458, 648	–

16. Other assets

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Advance payments	–	22, 161	–	–
Prepayments	45, 380	50, 219	–	–
Deposits to secure services	61, 382	67, 003	210	210
	106, 762	139, 383	210	210

17. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Not restricted in use	12, 901, 717	2, 235, 948	11, 039, 787	164, 630

The interest earning balances are not significant.

17A. Non-cash transactions:

There were acquisitions of certain assets under property, plant and equipment with a total cost of S$82, 704 (2014: nil) acquired by means of finance leases.

18. Share capital

	Group and Company	
	Number of shares issue	Share Capital
		$
Ordinary shares of no par value:		
Balance at 1 January 2014, 31 December 2014 and 1 January 2015	65, 800	65, 800
Sub–division of shares (a)	192, 333, 400	–
Issue of shares at S$0.00034 each on 25 May 2015	43, 928	15
Issue of shares at A$0.2 on 6 July 2015	62, 500, 000	12, 921, 250
Share issue costs	–	(959, 250)
Acquisition of remaining interests in an associate (b)	4, 550, 000	910, 000
Acquisiton of non–controlling interests without a change in control (c)	3, 006, 860	633, 262
Balance at 31 December 2015	262, 499, 988	13, 571, 077

(a) On 25 May 2015, the company effected a sub–division of its ordinary share capital at a ratio of one ordinary share into 2, 924 ordinary shares. Following the sub–division, the number of shares increased from 65, 800 ordinary shares to 192, 399, 200 ordinary.

(b) On 6 July 2015, the company allotted 4, 550, 000 ordinary shares amounting to $910, 000 to acquire the remaining 10, 001 ordinary shares (or 50%) in the associate. From that date, the group gained control and it became a subsidiary. See Note 13A for more details.

(c) On 6 July 2015, the company allotted 3, 006, 860 ordinary shares in the company to its non–controlling interests of certain subsidiaries amounting to $633, 262 in exchange of shares in those subsidiaries. See Note 13 for more details.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

There are insignificant external borrowings. The debt–to–adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

19. Foreign currency translation reserve

	Group	
	2015	2014
	$	$
Balance at beginning of the year	166, 604	29, 867
Exchange differences on translating foreign operations	(366, 411)	136, 737
Balance at end of the year	(199, 807)	166, 604

20. Share options

	Group and Company	
	2015	2014
	$	$
Balance at beginning of the year	–	–
Grant of share options	228, 000	–
Balance at end of the year	228, 000	–

On 2 July 2015, pursuant to an Option Deed signed between the company and Right Click Capital Management Pty Limited, the Company issued 1,312,500 share options as partial consideration of professional fees rendered in relation to the initial public offering of the company. The share option had an exercise price of A$0.22, expiring on 5 July 2020 (60 months after the date which the shares are first quoted on the ASX).

The estimate of the grant date fair value of each option issued is based on the Black–Scholes option pricing model (Level 3). In order to approximate the expectations that would be reflected in a current market or negotiated exchange price for these options, the calculations take into consideration factors like behavioural considerations and non–transferability of the option granted.

For the reporting year, the total charges to profit or loss included in administrative expenses amounted to S$228, 000 (2014:nil).

Inputs in the model include:

	2015
	$
Historical and expected volatility	125.17%
Dividend yield	0.00%
Risk–free rate	2.29%
Share price	A$0.20
Exercise price	A$0.22
Expected option term of years	5 years

Expected volatility was determined taking into consideration the company's volatility over a five–year period prior to each award date. Dividends used are those last known at the date the plan was granted.

21. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Trade payables:				
Outside parties and accrued liabilities	2, 081, 841	2, 696, 523	146, 075	71, 107
Subsidiaries (Note 3)	–	–	1, 023, 609	769, 228
Associates (Note 3)	24, 033	80, 434	10, 903	10, 679
Trade payables – subtotal	2, 105, 874	2, 776, 957	1, 180, 587	851, 014
Other payables:				
Outside parties	579, 468	209, 558	–	–
Director (Note 3)	725, 514	694, 643	266, 251	266, 251
Subsidiaries (Note 3)	–	–	378, 100	459, 941
Other payables – subtotal	1, 304, 982	904, 201	644, 351	726, 192
Total trade and other payables	3, 410, 856	3, 681, 158	1, 824, 938	1, 577, 206

22. Other Liabiltiies

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Deferred revenue	339, 310	164, 192	–	–

23. Other financial liabilities

	Group	
	2015	2014
	$	$
Finance lease		
Non–current	30, 573	–
Current	5, 008	–
Total non–current and current	35, 581	–
The non–current portion is repayable as follows:		
Due within two to five years	22, 988	–
After five years	7, 585	–
Total non–current portion	30, 573	–

23A. Finance leases

	Minimum payments	Finance charges	Present value
	$	$	$
2015			
Minimum lease payments payable:			
Due within one year	6, 696	(1, 688)	5, 008
Due within two to five years	26, 784	(3, 796)	22, 988
Due after five years	7, 801	(216)	7, 585
Total	41, 281	(5, 700)	35, 581
Net book value of plant and equipment under finance leases			67, 541

There is no finance lease for the reporting year ended 31 December 2014.

24. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non–cancellable operating leases are as follows:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Not later than one year	167, 204	195, 805	7, 500	30, 000
Later than one year and not later than five years	47, 527	163, 875	–	7, 500
	214, 731	359, 680	7, 500	37, 500
Rental expense for the year	395, 908	304, 273	30, 000	30, 000

Operating lease payments represent rentals payable by the group and company for certain of its leasehold properties and plant and equipment. The lease rental terms are negotiated for term of one to 24 years (2014: one to 24 years).

25. Financial Instruments: Information on financial risks

25A. Categories of financial assets and liabilities

The following table categories the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Financial assets:				
Cash and cash equivalents	12, 901, 717	2, 235, 948	11, 039, 787	164, 630
Loans and receivables	3, 079, 355	3, 169, 179	1, 772, 833	1, 944, 436
At 31 December	15, 981, 072	5, 405, 127	12, 812, 620	2, 109, 066
Financial liabilities:				
Trade and other payables at amortised cost	3, 410, 856	3, 681, 158	1, 824, 938	1, 577, 206
Other financial liabilities at amortised cost	35, 581	–	–	–
At 31 December	3, 446, 437	3, 681, 158	1, 824, 938	1, 577, 206

Further quantitative disclosures are included throughout these financial statements.

25B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency and credit risk for all kinds of transactions.
2. All financial risk management activities are carried out and monitored by senior management staff.
3. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

25C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short–term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

25. Financial Instruments: Information on financial risks (continued)

25D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount of the entity could have to pay if the guarantee is called on; and a full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks is limited because the counterparties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed of the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is significant concentration of credit risk on receivables, as the exposure is spread over a small number of counterparties and debtors.

Note 17 discloses the maturity of the cash and cash equivalent balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 60 days (2014: 30 to 60 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Trade receivables:				
Past due less than three months	1, 062, 206	1, 327, 990	–	–
Past due three to six months	695, 179	280, 561	–	–
Past due over six months	259, 449	228, 505	12, 568	7, 972
Total	2, 016, 834	1, 837, 056	12, 568	7, 972

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Trade receivables:				
91 to 120 days	5, 700	7, 000	–	–
Over 120 days	211, 743	–	60, 846	–

The allowance which is disclosed in Note 15 on trade receivables is based on individual accounts that are determined to be impaired at the end of reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

25. Financial Instruments: Information on financial risks (continued)

25D. Credit risk on financial assets (continued)

Concentration of trade receivables customers as at the end of the reporting year:

	2015	2014
	$	$
Top 1 customer	406, 329	569, 176
Top 2 customers	542, 289	683, 696
Top 3 customers	642, 708	793, 286

25E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non–derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

	Less than one year	One to five years	Total
	$	$	$
Group			
2015:			
Gross finance lease obligations	6, 696	34, 585	41, 281
Trade and other payables	3, 410, 856	–	3, 410, 856
At 31 December	3, 417, 552	34, 585	3, 452, 137
2014:			
Gross finance lease obligations	–	–	–
Trade and other payables	3, 681, 158	–	3, 681, 158
At 31 December	3, 681, 158	–	3, 681, 158

25. Financial Instruments: Information on financial risks (continued)

25E. Liquidity risk – financial liabilities maturity analysis (continued)

	Less than one year $	One to five years $	Total $
Company			
2015:			
Trade and other payables	1, 824, 938	–	1, 824, 938
At 31 December	1, 824, 938	–	1, 824, 938
2014:			
Trade and other payables	1, 577, 206	–	1, 577, 206
At 31 December	1, 577, 206	–	1, 577, 206

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2014: 60 days). The other payables are with short–term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

25F. Interest rate risk

The interest rate risk exposure is from changes in fixed interest rates and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2015 $	2014 $
Financial liabilities with interest:		
Fixed rates	35, 581	–
Total at end of the year	35, 581	–
Financial assets with interest:		
Fixed rates	5, 316, 345	–
Total at end of the year	5, 316, 345	–

Sensitivity analysis: The effect on pre–tax profit is not significant.

25. Financial Instruments: Information on financial risks (continued)

25G. Foreign currency risks

Analysis of amounts denominated in non–functional currencies:

	Australian Dollars $	Malaysian Ringgit $	Phillippines Peso $	Thai Baht $	Total $
Group					
2015:					
Financial assets:					
Cash	10, 839, 064	–	–	–	10, 839, 064
Loans and receivables	–	156, 014	12, 568	–	168, 582
Total financial assets	10, 839, 064	156, 014	12, 568	–	11, 007, 646
Financial liabilities:					
Trade and other payables	30, 716	–	17, 752	3, 191	51, 659
Total financial liabilities	30, 716	–	17, 752	3, 191	51, 659
Net financial assets (liabilities) at end of the year	10, 808, 348	156, 014	(5, 184)	(3, 191)	10, 955, 987
2014:					
Financial assets:					
Loans and receivables	–	–	22, 543	–	22, 543
Total financial assets	–	–	22, 543	–	22, 543
Financial liabilities:					
Trade and other payables	12, 159	960	39, 255	–	52, 374
Total financial liabilities	12, 159	960	39, 255	–	52, 374
Net financial assets (liabilities) at end of the year	(12, 159)	(960)	(16, 712)	–	(29, 831)

25. Financial Instruments: Information on financial risks (continued)

25G. Foreign currency risks (continued)

	Australian Dollars	Malaysian Ringgit	Phillipines Peso	Thai Baht	Total
	$	$	$	$	$
Company					
2015:					
Financial assets:					
Cash	5, 316, 345	–	–	–	5, 316, 345
Loans and receivables	366, 950	470, 081	12, 568	165, 442	1, 015, 041
Total financial assets	5, 683, 295	470, 081	12, 568	165, 442	6, 331, 386
Financial liabilities:					
Trade and other payables	30, 716	1, 019, 239	10, 753	–	1, 060, 708
Total financial liabilities	30, 716	1, 019, 239	10, 753	–	1, 060, 708
Net financial assets (liabilities) at end of the year	5, 652, 579	(549, 158)	1, 815	165, 442	5, 270, 678
2014:					
Financial assets:					
Cash	–	–	–	–	–
Loans and receivables	284, 162	479, 445	22, 544	165, 442	951, 593
Total financial assets	284, 162	479, 445	22, 544	165, 442	951, 593
Financial liabilities:					
Trade and other payables	–	770, 188	10, 530	–	780, 718
Total financial liabilities	–	770, 188	10, 530	–	780, 718
Net financial assets (liabilities) at end of the year	284, 162	(290, 743)	12, 014	165, 442	170, 875

25. Financial Instruments: Information on financial risks (continued)

25G. Foreign currency risks (continued)

Sensitivity analysis:	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
A hypothetical 3% strengthening in the exchange rate of the functional currency $ against AUD with all other variables held constant would have an (adverse) / favourable effect on pre–tax profit of	(324, 250)	365	(169, 577)	(8, 525)
A hypothetical 2% strengthening in the exchange rate of the functional currency $ against MYR with all other variables held constant would have an (adverse) / favourable effect on pre–tax profit of	(3, 120)	19	10, 983	5, 815
A hypothetical 1% strengthening in the exchange rate of the functional currency $ against PHP with all other variables held constant would have a favourable / (adverse) effect on pre–tax profit of	52	167	(18)	(120)
A hypothetical 1% strengthening in the exchange rate of the functional currency $ against THB with all other variables held constant would have a favourable / (adverse) effect on pre–tax profit of	32	–	(1, 654)	(1, 654)

The above table shows sensitivity to a hypothetical percentage variation in the functional currency against the relevant non–functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction on the profit or loss.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the entity has significant exposure at end of reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

26. Events after the end of the reporting year

Incorporation of subsidiary

The Company has incorporated a subsidiary, AroiMakMak Pte. Ltd. on 12 February 2016. The Company holds 60,000 shares, representing 60% of the total issued and paid–up share capital of AroiMakMak Pte. Ltd amounting to S$60,000.

27. Changes and adoption of financial reporting standards

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
Various	Improvements to FRSs (Issued in January 2014). Relating to FRS 102 Share–based Payment FRS 103 Business Combinations FRS 108 Operating Segments FRS 113 Fair Value Measurement FRS 24 Related Party Disclosures
Various	Improvements to FRSs (Issued in February 2014). Relating to FRS 103 Business Combinations FRS 113 Fair Value Measurement

28. New or amended standards in issue but not yet effective

The future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
Various	Improvements to FRSs (Issued in November 2014) FRS 107 Financial Instruments: Disclosures – Servicing contracts	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018

29. Comparative figures

The financial statements for the reporting year ended 31 December 2014 were not audited as the company qualified for private exempt status.

For purpose of the Replacement Prospectus, a special purpose financial report (the "financial report"), dated 8 May 2015, expressed an unqualified opinion for the reporting year ended 31 December 2014. The financial report was prepared in accordance with Australian Accounting standards and audited by RSM Australia, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member. The presentation currency in the financial report was denominated in Australian Dollars which are translated into Singapore Dollars for comparative purposes.

The financial report comprised of the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes comprising significant accounting policies. The financial report for the reporting year ended 31 December 2014 did not contain notes to the financial statements as required by Singapore Financial Reporting Standards.

ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 23 March 2016.

ASX LISTING RULE 4.10.19

Netccentric limited has used the cash and assets in a form readily convertible to cash it at the time of admission in a way consistent with his business objectives.

Analysis of number of equity security holders by size of holding:

Size of Holding	Number of Holders of Ordinary Shares	Shares Hold	% of Issued Shares
100, 001 and Over	63	253, 923, 544	96.73
10, 001 to 100, 000	182	7, 617, 248	2.90
5, 001 to 10, 000	86	835, 228	0.32
1, 001 to 5, 000	35	122, 186	0.05
1 to 1, 000	16	1, 794	0.00
Total	382	262, 500, 000	100.00

Analysis of number of equity security holders by size of holding:

SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

Name of Holder	Ordinary Shares Hold
Ming Shen Cheo and/or Nominees	94, 486, 461
Ewe Tiam Tiah	94, 296, 749
Thee Kian Tian and/or Nominees	18, 100, 001
Total	206, 883, 211

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote

On–market buy check

There is currently no on–market by–back program for any of Netccentric Limited's listed securities.

Listing Rule 3.13.1 and 14.3

Further to Listing Rule 3.13.1 and Listing Rule 14.3, the Annual General Meeting of Netccentric Limited is scheduled for 15th April 2016.

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders
The names of the twenty largest holders of quoted equity securities are listed below:

Rank	Name	No of Shares	% of Issued Shares
1	EWE TIAM TIAH	94, 296, 749	35.92
2	MING SHEN CHEO	94, 296, 461	35.92
3	THEE KIAN TIAH	15, 000, 000	5.71
4	NATIONAL NOMINEES LIMITED	5, 000, 000	1.90
5	TASEC NOMINEES (ASING) SDN BHD	4, 778, 500	1.82
6	TASEC NOMINEES (TEMPATAN) SDN BHD	4, 760, 000	1.81
7	WEIJIE LIONEL CHIN	4, 550, 000	1.73
8	KEVIN TSAI SHAO CHUNG	3, 750, 000	1.43
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3, 413, 064	1.30
10	NEFCO NOMINEES PTY LTD	2, 861, 001	1.09
11	CITICORP NOMINEES PTY LIMITED	2, 614, 870	1.00
12	MR PANG TEE CHEW	2, 500, 000	0.95
13	HUI WEN YANG	1, 925, 103	0.73
13	TIMOTHY TZE HOONG TEOH	1, 925, 103	0.73
14	SHL PTY LTD	750, 000	0.29
15	BNP PARIBAS NOMS PTY LTD	662, 830	0.25
16	MR ANDREW FARR & MRS CAROLINE FARR	584, 000	0.22
17	T T NICHOLLS PTY LTD	575, 000	0.22
18	NATIONAL NOMINEES LIMITED	500, 000	0.19
18	MS CAROL SOO KIAN TAN	500, 000	0.19
19	CHENG LEONG FOONG	431, 958	0.16
19	GARETH DAVIES	431, 958	0.16
20	ALVIN KIT WAN CHAN	339, 609	0.13
20	YANYAN WENDY CHENG	339, 609	0.13
	Total	**246, 785, 815**	**94.01**
	Balance of register	**15, 714, 185**	**5.99**
	Grand total	**262, 500, 000**	**100.00**

Unquoted equity securities: Nil

Holders of 20% or more of unquoted equity securities: Nil

Netccentric Limited

Registration No: 200612086W

More information please visit

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