ANNUAL REPORT 2017

Netccentric Limited

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CORPORATE DIRECTORY

DIRECTORS

MARTYN THOMAS

Non-Executive Chairman

TIAH EWE TIAM

Non-Executive Director

DAVID CHIAM JOY YEOW

Independent and Non-Executive Director
(Appointed 4 July 2017)

JOANNE KHOO SU NEE

Independent and Non-Executive Director
(Appointed 26 July 2017)

AUDIT AND RISK COMMITTEE

JOANNE KHOO SU NEE (CHAIRMAN)
DAVID CHIAM JOY YEOW
MARTYN THOMAS

REMUNERATION COMMITTEE

DAVID CHIAM JOY YEOW (CHAIRMAN)
MARTYN THOMAS
JOANNE KHOO SU NEE

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

COMPANY SECRETARIES

PHILLIP HAINS
PETER VAUGHAN

The CFO Solution HQ Pty Ltd
Level 3, 62 Lygon Street
Carlton
South Victoria 3053

SIN CHEE MEI

BDO Corporate Services Pte Ltd
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

AUDITOR

RSM CHIO LIM LLP

Public Accountants and
Chartered Accountants
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095

Partner–in–charge: Paul Lee Seng Meng

BANKERS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

UNITED OVERSEAS BANK LIMITED

STOCK EXCHANGE LISTING

AUSTRALIAN SECURITIES EXCHANGE (ASX : NCL)

ABOUT NETCCENTRIC LIMITED

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

is a digital media business established in 2006, which has revenues of SGD11.7 million in 2017. Netccentric operates multiple businesses in the digital advertising sector across various geographies, with the key markets being Malaysia, Singapore, Thailand and Taiwan.

NETCCENTRIC OFFERS ITS ADVERTISERS THE FOLLOWING KEY SERVICES:

a) Influencer Platform (approximately 68.5% of FY2017 revenue);
b) Display Ad Network (approximately 0.3% of FY2017 revenue);
c) Social Media Agency (approximately 18.8% of FY2017 revenue);
d) Digital Asset Production (approximately 10.1% of FY2017 revenue); and
e) Performance Marketing Agency (approximately 1.9% of FY2017 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").

CHURP CHURP

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, monitoring and managing social media accounts for a range of Advertisers.

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.

PLATA & PUNTA

Plata & Punta is a performance marketing agency specialising in digital media trading.

DEJITARU

Dejitaru is a social media agency specialising in advertising through digital content, communities and influencers.

CHAIRMAN'S LETTER

MARTYN THOMAS

Dear Shareholder,

Welcome to our third annual report for the full year 2017.

In the last year we have been working towards consolidating our service and product offering in the Asia Pacific market with the objective of generating a profit.

We've had to make some tough decisions along the way and they have included closing down some of our markets and products, including Nuffnang China, Nuffnang Australia, Ripplewerkz and Aroimakmak.

By comparison we are seeing healthy growth from our operations in Taiwan and new companies including Plata & Punta and Dejitaru.

Our CEO, Desmond Kiu, and his team have been focused in their intent and continue to work towards a Netccentric offering which reflects a value proposition for marketers at scale, in turn driving revenues and profit.

As you may know I have decided not to stand for re-election as a non-executive board member at our AGM. This decision was not taken lightly as I have been involved with Netccentric for nine years. This has been as a Director of Nuffnang Australia, helping to guide NCL through the IPO and subsequently as Chairman.

I believe it's time for a more regionally-local Director to step in, someone with the necessary skill set and vision to help guide Netccentric through its next phase of development. To that end I wish my successor every fortune and success.

I'd like to thank you, as a shareholder, for your patience and support again this year as we assuredly move towards a mutually beneficial position for you our shareholders, our clients and last but not least our internal team of hardworking, dedicated people.

Thank you to everyone associated with Netccentric.

Sincerely,

Chairman

CEO'S REPORT

DESMOND KIU

The 2017 financial year was a challenging but rewarding one for Netccentric. After the full on-boarding of the new management team in H1 2017, we went on to optimize Netccentric's operations towards a profitable business model.

Our key strategy (i.e. Operation Turnaround) was to optimize and dispose our interests in loss-making entities, while scaling up and investing in profitable ones. This is evident in the numbers, where we've maintained the Group's revenue at SGD11.7 million despite cutting the Group's losses by 48% in 2017.

This result was based on a number of initiatives we took, including;

1. **56% YoY Reduction of Operational Expenses**

   Aside from optimizing our operational costs, we have also shifted the centralized team (HQ) from Singapore to Malaysia to benefit from the lower costs.

2. **32% YoY Reduction of Employee Benefits**

   This optimization was carried out through-the-line, including the board of directors and C-Suite.

3. **Disposal of Interests in Unprofitable Entities**

   In 2017, we disposed all our interests in Nuffnang Australia and Singapore-based Ripplewerkz and Aroimakmak. Nuffnang Singapore was also right-sized and we have ceased operations in our China and UK markets.

4. Investments in Complementary and Profitable Businesses

Investments in performance marketing and social media marketing companies in H2 2017 helped us generate SGD247k in new revenue. Both were operationally profitable.

5. Operational Optimizations

We diversified our services in Taiwan resulting in a YoY increase of SGD967k in revenue and the first-ever profitable year in Taiwan. Localization of our offerings in Thailand resulted in the first profitable year in Thailand, post IPO. We were also able to enhance our offerings in the traditional markets, through technology, driving them into the black in Q4 2017.

These achievements are consistent with our long-term goal of becoming a relevant, viable and formidable digital marketing company with customer experience, content and influencer marketing at the core of the business.

In closing, and on behalf of the executive team, I would like to thank all our shareholders for their patience and ongoing support. Based on all the efforts carried out in 2017 to optimize Netccentric's operations, we hope to achieve a profitable 2018.

Sincerely,

Chief Executive Officer

DIRECTOR'S REPORT

MARTYN THOMAS

Martyn has more than 30 years of experience in the media and advertising industry. Originally from London, Martyn worked with a number of creative agencies in Melbourne before starting his own integrated full-service media agency in 2000, called FRANk media.

Martyn has been a Director of Nuffnang Australia since 2008 and has sat on the Netccentric board as the Non-Executive Chairman since its IPO in 2015.

TIAH EWE TIAM

Ewe Tiam is the Co–Founder and Non-Executive Director of Netccentric. As Co–Founder and Non-Executive Director, Ewe Tiam created and implemented monetisation strategies and product lines for the Company's businesses. He was responsible for setting up Thailand, China, Australia and an associate company in the Philippines. He also established Sashimi and Reelity.TV in Malaysia as part of Netccentric's horizontal expansion strategies.

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.

DAVID CHIAM

David Chiam was appointed to the Board of the Company on 4 July 2017.

David has over 16 years of experience in the legal and governance sectors. Having begun his legal career in 2 reputable law firms in Malaysia specializing in intellectual property and brand protection law, he then undertook a 5 year government stint in 2004, handling a wide range of legal, administrative and policy matters for the Malaysian Ministry of Youth and Sports and subsequently, the Ministry of Tourism. Having left government service, David returned to the corporate sector by joining British American Tobacco Malaysia in 2010 as its Senior Legal Counsel and was subsequently promoted as Head of Legal and Secretarial Services in 2015. In June 2017, David assumed his current role as Legal Director and Company Secretary at Dairy Farm Malaysia, a multi banner grocery and pharmacy retail operator in Malaysia and Brunei.

David holds a Bachelor of Laws (LLB) and Bachelor of Arts (Political Science) from the University of Melbourne, Australia. He is also a licensed Company Secretary with the Companies Commission of Malaysia.

JOANNE KHOO SU NEE

Ms Joanne Khoo Su Nee was appointed as an Independent Non-Executive Director of the Company on 26 July 2017. She is currently a director of Bowmen Capital Private Limited, a company that provides business and management consultancy services. She also serves as an Independent Director of Kitchen Culture Holdings Ltd., Teho International Inc Ltd. and Excelpoint Technology Ltd, companies listed on the Singapore Exchange Securities Trading Limited.

Ms Khoo has more than 20 years of experience in corporate finance and business advisory services. From 2008 to 2012, she was a director of corporate finance at Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited). Prior to this, she was involved in a wide range of corporate finance activities in the employment of Phillip Securities Pte Ltd and Hong Leong Finance Limited. From 2000 to 2004, she was with Stone Forest Consulting Pte Ltd where she was involved in providing consultancy services to companies seeking public listings in Singapore. From 1997 to 2000, she was with PricewaterhouseCoopers.

Ms Khoo graduated with a Bachelor of Business in Accountancy from Royal Melbourne Institute of Technology University in 1996. She was admitted as a Certified Public Accountant by the CPA Australia in 1999 and a Chartered Accountant under the Malaysian Institute of Accountants in 2000.

CHIEF EXECUTIVE OFFICER

DESMOND KIU

Desmond is the Chief Executive Officer of Netccentric appointed on 3 March 2017 and Founder of Sashimi Asia, a digital marketing agency with operations in Malaysia, Singapore and Indonesia. He also co-founded a social media content production house before establishing Sashimi.

Prior to his own ventures, Desmond pioneered the establishment of a social media department within GroupM and served as the Head of Digital at Mindshare, the single largest media agency in Malaysia.

Desmond has a Bachelor of Business Information Systems from Swinburne University of Technology, Melbourne.

DIRECTORS' MEETINGS

	Board Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Director						
Martyn Thomas	11	11	2	2	1	1
Tiah Ewe Tiam	11	11	-	-	-	-
David Chiam	4	6	1	1	1	1
Joanne Khoo Su Nee	5	5	1	1	1	1
Cheo Ming Shen	6	9	-	-	-	-
Pierre Pang Hee Ta	5	5	1	1	-	-
Kevin Tsai Shao Chung	4	4	1	1	-	-

A - Number of meetings attended.

B - Number of meetings held during the time the Director held office for FY2017.


UBS
HSBC
STRAITS TRADING
OUE

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;

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 four Non-Executive Directors (two of whom are independent and one who is a significant shareholder).

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 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$160,000 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 reimbursed 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 Non-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 independent Non–Executive Directors and Non-Executive Chairman.

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

	$
RSM	160,121
Other audit firms auditing certain subsidiaries of the group	10,390
Total	170,511

b) Non–audit fees – Nil

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 Regional Finance Director have reported and declared in writing to the Board that the Group's management of its material business risks is effective.

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.

Remuneration Details (continued)

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
Martyn Thomas	Non-Executive Chairman
Tiah Ewe Tiam	Non-Executive Director
David Chiam Joy Yeow	Independent and Non-Executive Director (Appointed 4 July 2017)
Joanne Khoo Su Nee	Independent and Non-Executive Director (Appointed 26 July 2017)
Pierre Pang Hee Ta	Independent and Non-Executive Director (Resigned 26 July 2017)
Kevin Tsai Shao Chung	Independent and Non-Executive Director (Ceased pursuant to the resolution passed at the Annual General Meeting held on 31 May 2017)
Cheo Ming Shen	Non-Executive Director (Ceased pursuant to the resolution passed at the Extraordinary General Meeting held on 1 November 2017)

Remuneration Report

The breakdown of remuneration of the directors of the Group (in percentage term) is set out below:

	Fixed salary / Fee	
Name	**2017**	**2016**
Directors:		
Cheo Ming Shen @ Tong Ming Shen	54%	30%
Martyn Thomas	13%	4%
Tiah Ewe Tiam	9%	60%
Kevin Tsai Shao Chung	6%	3%
Pierre Pang Hee Ta	6%	3%
David Chiam Joy Yeow	6%	-
Joanne Khoo Su Nee	6%	-

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 2017.

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 this 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

The Directors of the Company in office at the date of this statement are:

Tiah Ewe Tiam

Martyn Thomas

David Chiam Joy Yeow (Appointed on 4 July 2017)

Joanne Khoo Su Nee (Appointed on 26 July 2017)

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:

	Direct Interest		Indirect Interest	
Name of directors and companies in which interests are held	At beginning of the reporting year or date of appointment if later	At end of the reporting year	At beginning of the reporting year or date of appointment if later	At the end of the reporting year
The company – Netccentric Limited:				
Tiah Ewe Tiam	-	-	94,296,749	94,296,749

By virtue of section 7 of the Act, Mr Tiah Ewe Tiam is 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.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option except for those disclosed in Note 20 of the accompanying financial statements.

6. Independent auditor

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

7. Report of 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:

Joanne Khoo Su Nee	**(Chairman of Audit and Risk Committee and Independent Non-Executive Director)**
David Chiam Joy Yeow	**(Independent and Non-Executive Director)**
Martyn Thomas	**(Non-Executive Director)**

The Audit and Risk Committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

a. Reviewed with the independent external auditors their audit plan;

b. Reviewed 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. Reviewed 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. Reviewed 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. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the external auditors, and reviews performed by management, other committees of the Board, the Audit and Risk Committee and the Board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2017.

9. 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 26 February 2018, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the Directors

....	....
Martyn Thomas	Tiah Ewe Tiam
Director	Director

29 March 2018

RSM Chio Lim LLP

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Wilkie Edge, Singapore 228095

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Independent Auditor's Report to the Members of NETCCENTRIC LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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 2017, and the 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 notes to the financial statements, including accounting policies.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the Members of NETCCENTRIC LIMITED

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill

Refer to Notes 2A and 2C for the relevant accounting policy and the critical judgements, assumptions and estimation uncertainties used in impairment assessment of goodwill at the reporting year end. Refer to Note 12A for the key assumptions used in impairment testing of goodwill.

The Group has goodwill of $74,974 as at 31 December 2017. The goodwill relates to Plata and Punta Sdn Bhd.

Management monitors and assesses at least annually to determine whether goodwill has suffered any impairment loss. The assessment, based on the value-in-use method to determine the recoverable amount of goodwill, is complex and involves management's judgements about the future results of the business and the budgeted gross margin, discount rate and growth rate applied to future cash flow forecasts of the cash generating unit ("CGU"). Hence, it is a key focus area for our audit.

We have evaluated and considered management's estimates and variable inputs used in the computation of recoverable amount of goodwill and analysed the assumptions used by management through our knowledge of the cash-generating unit's operations, its past performance, management's growth strategies and cost initiatives.

We sought assistance from our internal valuation experts for their assessment of the appropriateness of the discount rate used in the calculation to industry benchmarks. We evaluated the reasonableness of management's estimate of gross profit margin and revenue growth rates by taking into consideration past performance. We performed sensitivity analysis to assess the impact on the recoverable amount of the CGU by reasonable possible changes to the growth rate and discount rate.

We found that reasonable changes in these rates did not result in impairment loss.

We have also assessed the adequacy of the disclosures made in the financial statements.

Impairment of cost of investment and net receivables due from subsidiaries

Refer to Notes 2A and 2C for the relevant accounting policy and the critical judgements, assumptions and estimation uncertainties used in impairment assessment of cost of investments in subsidiaries and amount due from subsidiaries at the reporting year end. Refer to Notes 13 and 15 for the investment in subsidiaries and amount due from subsidiaries respectively.

The net cost of investment in subsidiaries and net amount due from subsidiaries amounted to $388,090 and $1,013,984 respectively as at 31 December 2017. The net carrying amount of the investments and receivables accounted for approximately 28% of the Company's total assets as at the end of the financial year. As the balances are significant, they are a key focus area for our audit.

For the non-performing subsidiaries or if they have significant negative equity balances, the Company will have exposure to loss on investments cost and amount due from the subsidiaries. Any impairment losses on the investments in subsidiaries and the related receivables from these subsidiaries have to be recognised in the Company's separate financial statements.

Independent Auditor's Report to the Members of NETCCENTRIC LIMITED

Key audit matters (continued)

Impairment of cost of investment and net receivables due from subsidiaries (continued)

Management made a comparison of carrying values of the subsidiaries with the Company's share of net assets or liabilities of the subsidiaries to identify indications of impairment loss on these investments and related receivables. A total exposure of $1,441,147 was considered. This amount comprised $258,399 impairment of cost of investment in subsidiaries and $1,182,748 impairment of net receivables from subsidiaries. The total impairment loss allowance for the year was $1,441,147.

We have reviewed and considered management's assessment on the net assets or liabilities of these subsidiaries. We have also assessed management's basis to determine potential impairment in both financial and non-financial assets of these subsidiaries. We also had discussions with management on the prospects and future plans of these subsidiaries.

We have also assessed the adequacy of the disclosures made in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Independent Auditor's Report to the Members of NETCCENTRIC LIMITED

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report to the Members of NETCCENTRIC LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Paul Lee Seng Meng.

RSM Chio Lim LLP

Public Accountants and

Chartered Accountants

Singapore

29 March 2018

Engagement partner - effective from year ended 31 December 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2017

	Notes	Group 2017 $	Group 2016 $
Revenue	5	11,743,788	12,491,578
Cost of sales		(6,677,995)	(4,628,035)
Gross profit		5,065,793	7,863,543
Interest income		73,697	164,501
Other gains	6	198,118	551,369
Finance costs	7	(33,288)	(27,875)
Administrative and operating expenses	8	(7,594,485)	(13,208,819)
Other losses	6	(629,075)	(1,074,350)
Share of profit from equity-accounted associates	14	36,594	150,046
Loss before income tax		(2,882,646)	(5,581,585)
Income tax expense	9	(166,728)	(303,277)
Loss, net of tax		(3,049,374)	(5,884,862)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(156,228)	4,212
Other comprehensive (loss) income, net of tax		(156,228)	4,212
Total comprehensive loss		(3,205,602)	(5,880,650)
(Loss) income for the year, net of tax attributable to:			
Owners of the parent		(3,062,816)	(5,506,708)
Non-controlling interests		13,442	(378,154)
		(3,049,374)	(5,884,862)
Total comprehensive (loss) income for the year attributable to:			
Owners of the parent		(3,219,079)	(5,519,536)
Non-controlling interests		13,477	(361,114)
		(3,205,602)	(5,880,650)
Loss per share:			
Basic and diluted loss per share (cents)	10	(1.17)	(2.10)

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

Statements of Financial Position

As at 31 December 2017

	Notes	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
ASSETS					
Non-current assets					
Plant and equipment	11	309,707	331,354	–	–
Intangible assets	12	74,974	33,757	–	–
Investments in subsidiaries	13	–	–	388,090	318,965
Investments in associates	14	158,425	151,439	16,932	16,932
Deferred tax assets	9	2,895	9,076	–	–
Total non-current assets		546,001	525,626	405,022	335,897
Current assets					
Trade and other receivables	15	2,768,587	3,356,585	1,036,366	2,700,814
Other assets	16	128,783	67,929	19,139	210
Cash and cash equivalents	17	5,218,143	7,605,552	3,476,728	5,513,427
Total current assets		8,115,513	11,030,066	4,532,233	8,214,451
Total assets		8,661,514	11,555,692	4,937,255	8,550,348

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

Statements of Financial Position

(continued)

	Notes	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
EQUITY AND LIABILITIES					
Equity					
Share capital	18	13,797,086	13,797,086	13,797,086	13,797,086
Accumulated losses		(8,394,418)	(5,331,602)	(10,886,797)	(7,542,22)
Share option reserve	20	228,000	228,000	228,000	228,000
Foreign currency translation reserves	19	(343,908)	(212,635)	–	–
Equity attributable to owners of the parent		5,286,760	8,480,849	3,138,289	6,482,164
Non-controlling interests		326,187	(430,472)	–	–
Total equity		5,612,947	8,050,377	3,138,289	6,482,164
Non-current liability					
Other financial liabilities, non-current	23	46,619	24,608	–	–
Total non-current liability		46,619	24,608	–	–
Current liabilities					
Income tax payable		193,026	53,602	1,137	16,672
Trade and other payables	21	2,736,033	2,941,070	1,797,829	2,051,512
Other liabilities	22	59,623	480,844	–	–
Other financial liabilities, current	23	13,266	5,191	–	–
Total current liabilities		3,001,948	3,480,707	1,798,966	2,068,184
Total liabilities		3,048,567	3,505,315	1,798,966	2,068,184
Total equity and liabilities		8,661,514	11,555,692	4,937,255	8,550,348

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

Statements of Changes in Equity

For the year ended 31 December 2017

	Total equity	Attributable to parent sub-total	Share capital	(Accumulated losses) Retained earnings	Share option reserves	Foreign currency translation reserves	Non-controlling interests
	$	$	$	$	$	$	$
Group:							
Current year:							
Balance at 1 January 2017	8,050,377	8,480,849	13,797,086	(5,331,602)	228,000	(212,635)	(430,472)
Changes in equity:							
Total comprehensive (loss) income for the year	(3,205,602)	(3,219,079)	–	(3,062,816)	–	(156,263)	13,477
Acquisition of subsidiaries (Note 26)	115,777	–	-	-	–	–	115,777
Disposal of subsidiaries with change in control	652,395	24,990	-	-	–	24,990	627,405
Balance at 31 December 2017	5,612,947	5,286,760	13,797,086	(8,394,418)	228,000	(343,908)	326,187
Previous year:							
Balance at 1 January 2016	13,492,441	13,860,495	13,571,077	261,225	228,000	(199,807)	(368,054)
Movements in equity:							
Total comprehensive loss for the year	(5,880,650)	(5,519,536)	–	(5,506,708)	–	(12, 828)	(361,114)
Acquisition of non-controlling interests without a change in control	–	(86,119)	-	(86,119)	–	–	86,119
Adjustment to purchase consideration on acquisition of remaining interest in an associate (Note 18)	226,009	226,009	226, 009	-	–	–	–
Dividend paid	(51,448)	-	-	-	-	-	(51,448)
Increase in contribution by non-controlling interests	264,025	–	–	–	–	–	264,025
Balance at 31 December 2016	8,050,377	8,480,849	13,797,086	(5,331,602)	228,000	(212,635)	(430,472)

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

Statements of Changes in Equity

(continued)

	Total equity	Share capital	Share option reserves	Accumulated losses
	$	$	$	$
Company:				
Current year:				
Opening balance at 1 January 2017	6,482,164	13,797,086	228,000	(7,542,922)
Movements in equity:				
Total comprehensive loss for the year	(3,343,875)	–	–	(3,343,875)
Closing balance at 31 December 2017	3,138,289	13, 797,086	228,000	(10,886,797)
Previous year:				
Opening balance at 1 January 2016	12,963,471	13,571,077	228,000	(835,606)
Movements in equity:				
Total comprehensive loss for the year	(6,707,316)	–	–	(6,707,316)
Adjustment to purchase consideration on acquisiton of remaining interest in an associate (Note 18)	226,009	226,009	-	–
Closing balance at 31 December 2016	6,482,164	13,797,086	228,000	(7,542,922)

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

Consolidated Statement of Cash Flows

Year Ended 31 December 2017

	Group	
	2017	2016
	$	$
Cash flows from operating activities		
Loss before tax	(2,882,646)	(5,581,585)
Adjustments for:		
Impairment loss on goodwill	–	873,251
Amortisation of intangible asset	11,253	16,880
Depreciation of plant and equipment	119,571	119,936
Loss on disposal of subsidiaries	451,443	–
Gain on disposal of associate	(7,794)	–
Loss on disposal of plant and equipment	29,983	3,926
Share of profit from associates	(36,594)	(150,046)
Interest income	(73,697)	(164,501)
Interest expenses	33,288	27,875
Negative goodwill arising from acquisition of subsidiary	(7,360)	–
Operating cash flow before changes in working capital	(2,362,553)	(4,854,264)
Other assets	(60,854)	38,833
Trade and other receivables	587,998	55,643
Trade and other payables	285,826	(446,370)
Other liabilities	(420,610)	141,534
Net cash flows used in operations	(1,970,193)	(5,064,624)
Income taxes paid	(38,982)	(286,494)
Net cash used in operating activities	(2,009,175)	(5,351,118)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash (Note 26)	102,003	–
Dividend from associate	26,056	60,773
Interest received	73,697	164,501
Purchase of plant and equipment (Notes 11, 17)	(122,437)	(184,453)
Increase in contribution by non-controlling interests	–	264,025
Disposal of subsidiaries (Note 27)	(119,077)	–
Net cash (used in) from investing activities	(39,758)	304,846

Consolidated Statement of Cash Flows

(continued)

	Group	
	2017	2016
	$	$
Cash flows from financing activities		
Dividend paid to non-controlling interests	–	(51,448)
Repayment of other financial liabilities	(11,254)	(5,782)
Movements in amount due to director	(367,341)	(23,416)
Movements in amount due to shareholder	9,541	–
Movements in amounts due from (to) related parties	61,392	(168,872)
Movements in amounts due from associates	41,112	22,473
Interest paid	(33,288)	(27,875)
Net cash used in financing activities	(299,838)	(254,920)
Net decrease in cash and cash equivalents	(2,348,771)	(5,301,192)
Cash and cash equivalents, statement of cash flows, beginning balance	7,605,552	12,901,717
Effects of currency translation on cash and cash equivalent	(38,638)	5,027
Cash and cash equivalents, statement of cash flows, ending balance (Note 17)	5,218,143	7,605,552

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

Notes to the Financial Statements

31 December 2017

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.

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

The company is listed on the Australian Stock Exchange ("ASX").

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

Accounting convention

The financial statements of the Company as the reporting entity have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") 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 a FRSs require 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 not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

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.

1. General (continued)

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 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 profit or loss and other comprehensive income is not presented.

2. 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. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee.

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.

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.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

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.

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).

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Income tax (continued)

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.

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 reporting entity'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.

In the equity accounted financial statements (economic interest financial statements), the accounting for investments in an associate is on the equity method. 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. 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 an 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.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Associates (continued)

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.

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.

2. 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.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Plant and equipment

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. 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 are as follows:

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

The gain or loss arising from the derecognition of an item of 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.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

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.

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Customer relationship	-	3 years

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

2. 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 about 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.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Financial assets (continued)

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 year, there were no financial assets classified in this category.
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.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

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.

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. 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. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

Fair value of 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. It is a market-based measurement, not an entity-specific measurement. 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.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Fair value of measurement (continued)

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 stated 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. 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.

2B. Other explanatory information

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.

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.

2. 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 trade and other 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 judgmental and not susceptible to precise determination. The income tax amounts are disclosed in Note 9 on income tax.

Assessment of impairment of goodwill

An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units ("CGU") and the use of estimates as disclosed in Note 12. Actual outcomes could vary from these estimates.

2. Significant accounting policies and other explanatory information (continued)

2C. Critical judgements, assumptions and estimation uncertainties (continued)

Measurement for impairment of subsidiaries

Where an investee is in net equity deficit and or has suffered losses, a test is made whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is disclosed in Note 13.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the Group 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 Group.

3A. Related party transactions:

There are transactions and arrangements between the Group 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	
	2017	2016
	$	$
Rendering of services from associates	–	(40,080)
Development fee income from associates	7,475	41,920
Rental expense paid to related party *	(186,780)	(242,837)
Legal fees paid for a Director	(112,842)	-

*The related party, TBC Builders Pte Ltd, is a firm belonging to the father of Cheo Ming Shen @ Tong Ming Shen, an ex-director of the Company.

3. Related party relationships and transactions (continued)

3B. Key management compensation:

	Group	
	2017	2016
	$	$
Salaries and other short-term employee benefits	536,769	1,023,499

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

	Group	
	2017	2016
	$	$
Fees to Directors of the Company	125,745	102,738
Remuneration of key management personnel of the Company	411,024	920,761

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 the four current directors (2016: five), Chief Executive Officer, Chief Operating Officer and three directors of the Company who ceased being directors during the reporting year 2017.

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

The trade transactions and the related 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:

	Directors			
	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Other receivables (payables):				
Balance at beginning of the year	(699,799)	(723,215)	(244,947)	(265,259)
Amounts paid out and settlement of liabilities on behalf of a director	367,341	23, 416	-	20,312
Reclassified to shareholder	245,939	-	245,939	-
Balance at end of the year	(86,519)	(699,799)	992	(244,947)
Presented in the statement of financial position as follows:				
Other receivables (Note 15)	7,216	1,525	992	992
Other payables (Note 21)	(93,735)	(701,324)	-	(245,939)
Balance at end of the year	(86,519)	(699,799)	992	(244,947)

3. Related party relationships and transactions (continued)

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

	Shareholders			
	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Other payables:				
Balance at beginning of the year	–	-	–	-
Amounts paid in and settlement of liabilities on behalf of the Company	(9,541)	-	–	–
Reclassified from director	(245,939)	–	(245,939)	–
Balance at end of the year (Note 21)	(255,480)	-	(245,939)	–

	Related parties			
	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Other receivables:				
Balance at beginning of the year	170,185	1,313	-	-
Amounts paid out and settlement of liabilities on behalf of related parties	–	170,185	-	-
Amounts paid in and settlement of liabilities on behalf of the Company	(61,392)	(1,313)	-	-
Balance at end of the year (Note 15)	108,793	170,185	-	-

	Associates			
	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Other receivables:				
Balance at beginning of the year	41,112	63,585	-	43,562
Amounts paid in and settlement of liabilities on behalf of the Company	(41,112)	(22,473)	-	(43,562)
Balance at end of the year (Note 15)	–	41,112	-	-

3. Related party relationships and transactions (continued)

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

	Subsidiaries	
	2017	2016
	$	$
Company:		
Other receivables:		
Balance at beginning of the year	1,458,591	330,631
Amounts paid out and settlement of liabilities on behalf of subsidiaries	34,473	3,902,576
Allowance for impairment (Note 15)	129,478	(2,168,944)
Amounts paid in and settlement of liabilities on behalf of the Company	(1,523,078)	(605,672)
Balance at end of the year	99,464	1,458,591
Presented in the statement of financial position as follows:		
Other receivables (Note 15)	583,888	1, 977, 488
Other payables (Note 21)	(484,424)	(518, 897)
Balance at end of the year	99,464	1, 458, 591

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, (5) Performance Marketing Agency and (6) 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.

4. Financial information by operating segment (continued)

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

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) Performance Marketing Agency	Performance marketing agency specialising in the manufacture and construction of advertising devices through any media.
(6) Others	Others including media production house and mobile blogging applications.

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

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

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

	2017 $	2016 $
Business Units		
Influencer Platform	8,048,098	9,279, 455
Display Ad Network	29,982	149,677
Social Media Agency	2,213,231	1,818,280
Digital Asset Production	1,190,483	1,161,515
Performance Marketing Agency	219,810	-
Others	42,184	82,651
Total	11,743,788	12,491,578

4. Financial information by operating segment (continued)

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

	2017	2016
	$	$
Country		
Malaysia	4,303,036	4,876,646
Singapore	2,448,061	4,700,381
Thailand	1,458,412	1,162,024
Australia	1,368,808	1,185,412
Taiwan	1,132,865	165,735
China	740,458	298,258
Indonesia	263,317	–
United Kingdom	28,831	103,122
Total	11,743,788	12,491,578
Information about major customers		
Top 1 customer	1,329,821	1, 344, 342
Top 2 customers	1,807,066	1, 949, 925
Top 3 customers	2,023,889	2, 281, 275

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 the above reportable segments.

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	
	2017	2016
	$	$
Rendering of services	11,743,788	12,491,578

6. Other gains and (other losses)

	Group	
	2017	2016
	$	$
Allowance for impairment on trade receivables (Note 15)	(136,109)	(10,378)
Bad debts written off trade receivables	–	(22,177)
Foreign exchange adjustment loss	(11,540)	(164,618)
Gain on disposal of interest in associate	7,794	–
Loss on disposal of subsidiaries	(451,443)	–
Loss on disposal of plant and equipment	(29,983)	(3,926)
Government grants	86,381	311,552
Impairment of goodwill (Note 12A)	–	(873,251)
Negative goodwill on acquisition of subsidiary (Note 26)	7,360	–
Other income	96,583	239,817
Net	(430,957)	(522,981)
Presented in profit or loss as:		
Other gains	198,118	551,369
Other losses	(629,075)	(1,074,350)
Net	(430,957)	(522,981)

7. Finance costs

	Group	
	2017	2016
	$	$
Interest expense	33,288	27,875

8. Administrative and operating expenses

The major component includes employee benefits expenses as follows:

	Group	
	2017	2016
	$	$
Salaries and wages	4,733,282	6,760,887
Contributions to defined contribution plan	351,956	568,899
Other benefits	105,538	312,987
Total employee benefits expense	5,190,776	7,642,773

9. Income tax

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

	Group	
	2017	2016
	$	$
Current tax expense:		
Current tax expense	145,756	286,608
Under-adjustment in respect of prior periods	14,791	13,382
Subtotal	160,547	299,990
Deferred tax expense:		
Deferred tax expense	11,460	3,287
Over-adjustment in respect of prior periods	(5,279)	–
Subtotal	6,181	3,287
Total income tax expense	166,728	303,277

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% (2016: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2017	2016
	$	$
Loss before tax	(2,882,646)	(5,581,585)
Less: Share of profit from equity-accounted associates	(36,594)	(150,046)
	(2,919,240)	(5,731,631)
Income tax income at the above rate	(496,271)	(974,377)
Effect of different tax rates in foreign jurisdictions	59,719	(29,934)
Income not subject to tax	(27,515)	(38,805)
Expenses not deductible for tax purposes	89,706	194,423
Deferred tax assets not recognised	532,026	1,090,540
Tax incentives	–	(1,090)
Partial income tax exemption	(49,422)	(66,639)
Under-adjustments to tax in respect of prior periods	9,512	13,382
Other minor items less than 3% each	12,304	–
Withholding tax	36,669	115,777
Total income tax expense	166,728	303,277

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

9. Income tax (continued)

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

	Group	
	2017	2016
	$	$
Deferred tax assets (liabilities) recognised in profit or loss:		
Deferred tax assets not recognised	(532,026)	(1,090,540)
Tax loss carryforwards	520,437	1,090,651
Excess of book value of plant and equipment over tax values	1,403	(3,398)
Exchange differences on translating foreign operations	4,005	–
Net balance	(6,181)	(3,287)

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

	Group	
	2017	2016
	$	$
Deferred tax assets (liabilities) recognised in profit or loss:		
Deferred tax assets not recognised	(1,793,721)	(1,261,695)
Deferred tax from share-based payments	(38,760)	(38,760)
Tax loss carryforwards	1,802,063	1,281,626
Excess of book value of plant and equipment over tax values	29,308	27,905
Exchange differences on translating foreign operations	4,005	–
Net balance	2,895	9,076

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 per share

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

	2017	2016
	$	$
A. Numerator: loss attributable to equity:		
Continuing operations:		
Total basic and diluted loss earnings attributable to owners of the parent	(3,062,816)	(5, 506, 708)
B. Denominator: weighted average number of equity shares		
Basic and diluted	262,500,000	262, 500, 000

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10. Loss per share (continued)

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

The 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.

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. Plant and equipment

	Computer Equipment	Furniture and fittings	Office and production equipment	Motor vehicles	Renovation	Total
	$	$	$	$	$	$
Group						
Cost:						
At 1 January 2016	386,324	119,416	76,613	168,917	24,391	775,661
Additions	93,146	40,612	24,579	–	26,116	184,453
Foreign exchange adjustments	606	32	(974)	(3,591)	342	(3,585)
Disposals	(89,571)	(14,317)	(14,782)	–	–	(118,670)
Written off	–	(7,588)	(5,992)	–	(13,229)	(26,809)
At 31 December 2016	390,505	138,155	79,444	165,326	37,620	811,050
Foreign exchange adjustments	3,563	1,826	930	3,385	478	10,182
Additions	36,920	6,829	21,254	45,892	57,434	168,329
Disposals	(20,529)	(27,576)	(10,183)	(86,107)	–	(144,395)
Written off	(93,163)	(6,841)	(4,452)	–	(23,453)	(127,909)
At 31 December 2017	317,296	112,393	86,993	128,496	72,079	717,257
Accumulated depreciation:						
At 1 January 2016	304,984	49,775	46,272	87,006	14,494	502,531
Depreciation for the year	49,644	15,057	10,558	31,345	13,332	119,936
Foreign exchange adjustments	(2,032)	(775)	(480)	(2,944)	1,328	(4,903)
Disposal	(86,729)	(11,794)	(14,782)	–	–	(113,305)
Written off	–	(7,451)	(3,883)	–	(13,229)	(24,563)
At 31 December 2016	265,867	44,812	37,685	115,407	15,925	470,696
Foreign exchange adjustments	2,833	724	430	912	431	5,330
Depreciation for the year	51,620	19,781	10,795	24,315	13,060	119, 571
Disposal	(17,448)	(2,460)	(3,152)	(84,065)	–	(107,125)
Written off	(82,229)	(2,405)	(3,646)	–	(1,642)	(89,922)
At 31 December 2017	220,643	60,452	42,112	56,569	27,774	407,550

11. Plant and equipment (continued)

	Computer Equipment	Furniture and fittings	Office and production equipment	Motor vehicles	Renovation	Total
	$	$	$	$	$	$
Group (continued)						
Carrying value:						
At 1 January 2016	81,340	69,641	30,341	81,911	9,897	273,130
At 31 December 2016	124,638	93,343	41,759	49,919	21,695	331,354
At 31 December 2017	96,653	51,941	44,881	71,927	44,305	309,707

12. Intangible assets

	Group	
	2017	2016
	$	$
Goodwill (Note 12A)	74,974	-
Other intangible asset (Note 12B)	-	33, 757
	74,974	33, 757

12A. Goodwill

	Group	
	2017	2016
	$	$
Cost:		
Balance at beginning of the year	873,251	697,879
Arising from business combination (Note 26)	74,974	–
Adjustment to purchase consideration on acquisition	–	226,009
Reclassification to other intangible asset (Note 12B)	–	(50,637)
Disposal of subsidiary	(873,251)	–
Balance at end of the year	74,974	873,251
Accumulated impairment:		
Balance at beginning of the year	873,251	-
Impairment loss recognised in the year included in other losses (Note 6)	–	873,251
Disposal of subsidiary	(873,251)	-
Balance at end of the year	-	873, 251
Carrying value at end of the year	74,974	-

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

12. Intangible assets (continued)

12A. Goodwill (continued)

Goodwill is attributed to the acquisition of the following subsidiary:

	Group	
	2017	2016
	$	$
Name of subsidiary:		
Plata and Punta Sdn Bhd	74,974	-
Ripplewerkz Private Limited	-	873, 251

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 ("CGU") exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of CGUs 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 Plata and Punta Sdn Bhd in 2017. The goodwill in respect of Ripplewerkz Private Limited in 2016 has been fully impaired.

The value in use was measured by management. The key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3).

	Range	
	2017	2016
CGU - Performance Marketing Agency valuation technique and unobservable inputs discounted cash flow method:		
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGU	14%	-
Growth rate in FY2018 based on cashflow projections by management	50%	-
Growth rates in FY2019 and FY2020 based on industry growth forecast	3%	-
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	3 years	-

	Range	
	2017	2016
CGU - Digital Asset Production business valuation technique and unobservable inputs discounted cash flow method:		
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGU	-	12%
Growth rates based on industry growth forecast	-	4%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	-	5 years

Full impairment loss was recognised in 2016 as the impairment test carried out for the CGU revealed that the recoverable amount of the CGU was lower than its carrying amount.

12. Intangible assets (continued)

12A. Goodwill (continued)

Actual outcomes could vary from above estimates. The recoverable amount has been measured based on the value in use method and it is shown above. If the assumptions had been less favourable than management's estimates at the end of the reporting (all changes taken in isolation), by the following rates the recoverable amount would be equal to the carrying amount:

	2017	2016
Discounted cash flow method:		
Revenue growth in FY2019 and FY2020	-3%	-
Long-term growth rate for the relevant markets	-18%	-
Discount rates using pre-tax rates	25%	-

12B. Other intangible asset

	Customer lists $
Group:	
Cost:	
At 1 January 2016	-
Reclassification from goodwill (Note 12A)	50,637
At 31 December 2016	50,637
Disposal of subsidiary	(50,637)
At 31 December 2017	-
Accumulated amortisation:	
At 1 January 2016	-
Amortisation for the year	16,880
At 31 December 2016	16,880
Amortisation for the year	11,253
Disposal of subsidiary	(28,133)
At 31 December 2017	-
Net book value:	
At 1 January 2016	-
At 31 December 2016	33,757
At 31 December 2017	-

13. Investments in subsidiaries

	Company	
	2017	2016
	$	$
Movements during the year. At cost:		
Balance at beginning of the year	318,965	1, 958, 647
Acquisitions	188,116	1, 261, 510
Quasi-equity loan	202,649	-
Disposals	(63,241)	-
Allowance for impairment	(258,399)	(2, 901, 192)
Cost at end of the year	388,090	318, 965
Carrying value in the books of the Company comprising:		
Unquoted equity shares at cost	1,620,688	3,369,112
Quasi-equity loan	202,649	-
Allowance for impairment	(1,435,247)	(3,050,147)
Total at cost	388,090	318, 965
Carrying value of subsidiaries	(1,190,854)	(1, 435, 531)

Analysis of above amount denominated in non-functional currencies:

	2017	2016
	$	$
Australian Dollars	–	500,179
British Pounds	117,612	117,612
Hong Kong Dollars	148,755	148,755
Malaysian Ringgit	531,525	343,407
Thai Baht	79,803	128,043
New Taiwan Dollars	223,605	20,956
Indonesian Rupiah	179,569	179,569
Movement in allowance for impairment:		
Balance at beginning of the year	3,050,147	148,955
Impairment loss charged to profit or loss	258,399	2,901,192
Impairment allowance written off	(1,873,299)	–
Balance at end of the year	1,435,247	3,050,147

13. Investments in subsidiaries (continued)

The decreasing performance of the subsidiaries were considered sufficient evidence to trigger an impairment assessment. The following companies are in a net liabilities position as at end of the reporting year with net losses. As such, an impairment loss amounting to $258,399 (2016: $2,901,192) was charged to profit and loss.

	2017	2016
	$	$
Impairment loss charged to profit or loss:		
Nuffnang Australia Pty Ltd.	–	500,179
Nom Nom Media Sdn. Bhd.	–	11,986
Nuffnang Sdn. Bhd.	31,017	288,196
Nuffnang Pte Ltd	–	335,639
Reelity Tv Private Limited	–	175,813
Nuffnang (Thailand) Co. Ltd	–	79,803
Nuffnang Ltd	–	117,612
Ripplewerkz Private Limited	–	1,319,512
Aroimakmak Pte Ltd	–	51,496
Nuffnang Taiwan Limited	202,649	20,956
PT Nuffnang Indonesia Internasional	24,733	–
Balance at end of the year	258,399	2,901,192

The subsidiaries held by the Company and the Group are listed below:

Name of subsidiaries, country of incorporation, place of operations, principal activities and independent auditors	Cost in books of Group		Effective percentage of equity held by Group	
	2017	2016	2017	2016
	$	$	%	%
Held by the Company				
Nuffnang Australia Pty Ltd. [(2)] [(8)]	-	500,179	-	59
Australia				
Provision of online advertising and management services				
(RSM Australia)				
Nom Nom Media Sdn. Bhd. [(2)]	11,986	11,986	100	100
Malaysia				
Provision of online advertising and management services				
(RSM Malaysia)				
Churp Churp Media Sdn. Bhd. [(2)]	1	1	100	100
Malaysia				
Provision of online advertising and management services				
(RSM Malaysia)				

13. Investments in subsidiaries (continued)

The subsidiaries held by the Company and the Group are listed below (continued):

Name of subsidiaries, country of incorporation, place of operations, principal activities and independent auditors	Cost in books of Group		Effective percentage of equity held by Group	
	2017	2016	2017	2016
	$	$	%	%
Held by the Company (continued)				
Netcentric Sdn. Bhd. (2) Malaysia Internet advertising (RSM Malaysia)	12,207	12,207	100	100
Nuffnang Sdn. Bhd. (2) Malaysia Provision of online advertising and management services (RSM Malaysia)	319, 213	319, 213	100	100
Nuffnang Pte Ltd (1). Singapore Provision of online advertising and management services (RSM Chio Lim LLP)	335,639	335 639	100	100
Churp Churp Pte Ltd (1) Singapore Provision of online advertising and management services (RSM Chio Lim LLP)	1	1	100	100
Reelity Tv Private Limited (3) Singapore Advertising activities (KJ Tan & Co)	176,020	176,020	88	88
FTW Tech Pte Ltd (3) (previously known as NuffnangX Pte Ltd) Singapore Development of e-commerce applications (KJ Tan & Co)	200	200	100	100
Nom Nom Media Private Limited (1) Singapore Sales agent for advertising services (RSM Chio Lim LLP)	10	10	100	100

13. Investments in subsidiaries (continued)

The subsidiaries held by the Company and the Group are listed below (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	
	2017	2016	2017	2016
	$	$	%	%
Held by the Company (continued)				
Sashimi Private Limited (1) Singapore Social media agency (RSM Chio Lim LLP)	30,600	30,600	51	51
Nuffnang (Thailand) Co. Ltd (2) Thailand Provison of online advertising and management services (RSM Thailand)	79, 803	79, 803	51	51
Nuffnang Ltd (4) United Kingdom Provision of online advertising and management	117,612	117,612	60	60
Nuffnang– ECpod Holding Limited (3) Hong Kong Provision of online advertising and management (Cheer Link CPA Limited)	148,755	148,755	63	63
Ripplewerkz Private Limited (7) Singapore Website Development	-	1,328,131	-	100
Aroimakmak Pte Ltd (3) (7) Singapore Provision of online advertising (Gan & Alliance)	-	60,000	-	60
Nuffnang Taiwan Limited (2) Taiwan Provision of online advertising and management services (RSM Taiwan)	223,605	20,956	100	100

13. Investments in subsidiaries (continued)

The subsidiaries held by the Company and the Group are listed below (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	
	2017	2016	2017	2016
	$	$	%	%
Held by the Company (continued)				
PT Nuffnang Indonesia Internasional (4)	179,569	179,569	51	51
Indonesia				
Provision of online advertising and management services				
Reelity TV (Thailand) Co., Ltd (3)(5)(9)	-	48,230	-	99
Thailand				
Provision of online advertising				
(GBS Audit Co., Ltd)				
Plata and Punta Sdn Bhd (3)	188,082	-	51	-
Manufacture and construct advertising devices				
(Faridah & Co)				
Dejitaru Sdn Bhd (3)	34	-	51	-
Provision of online advertising and management				
(Faridah & Co)				
	1,823,337	3,369,112		
Held by subsidiaries				
Sashimi Social Sdn Bhd (2)	11,929	11,929	100	100
Malaysia				
Social media agency				
(RSM Malaysia)				
Sashimi SG Pte Ltd (1)	16,000	16,000	41	41
Singapore				
Social media agency				
(RSM Chio Lim LLP)				
Ripplewerkz Company Co (3) (6) (7)	-	40,422	-	100
Thailand				
Website development				
(GBS Audit Co., Ltd.)				

13. Investments in subsidiaries (continued)

The subsidiaries held by the Company and the Group are listed below (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	
	2017	2016	2017	2016
	$	$	%	%
Held by subsidiaries (continued)				
Nuffnang China Limited [3]	176,569	176,569	52	52
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 International of which RSM Chio Lim LLP in Singapore is a member.

(4) Not subject to audit requirements in the foreign jurisdictions. The subsidiaries are not significant to the Group.

(5) Netccentric Limited held 12,250 common shares in Reelity TV (Thailand) Co., Ltd. that represent 98% of total voting rights and 99% of the economic interest in the subsidiary.

(6) 48.75% interests were held by Ripplewerkz Private Limited and 51.25% were held in trust by two directors of Ripplewerkz Private Limited and a spouse of a director for and on behalf of Ripplewerkz Private Limited.

(7) Ripplewerkz Private Limited and Aroimakmak Pte Ltd were disposed on 6 September 2017. See Note 27.

(8) Nuffnang Australia Pty Ltd was disposed on 1 November 2017. See Note 27.

(9) The subsidiary has been deregistered during the year.

13. Investments in subsidiaries (continued)

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

The summarised financial information of the subsidiaries with non-controlling interests that are material to the Group after elimination of relevant intercompany transactions but not adjusted for the percentage ownership held by the Group is, as follows:

	Nuffnang Australia Pty Ltd		Sashimi Pte Ltd	
	2017	2016	2017	2016
	$	$	$	$
Profit / (loss) allocated to non-controlling interests of subsidiaries during the year	(119,922)	(287,495)	104,614	177,000
Accumulated non-controlling interests of subsidiaries at the end of the reporting year	-	(334,058)	391,542	303,134

Summarised statement of financial position

	Nuffnang Australia Pty Ltd		Sashimi Pte Ltd	
	2017	2016	2017	2016
	$	$	$	$
Non-current assets	-	9,742	128,966	51,657
Current assets	-	295,079	962,544	806,904
Total assets	-	304,821	1,091,510	858,561
Current liabilities	-	(1,119,597)	(265,472)	(239,924)
Non-current liabilities	-	-	(26,973)	-
Total liabilities	-	(1,119,597)	(292,445)	(239,924)
Net (liabilities) assets	-	(814,776)	799,065	618,637

Summarised statement of comprehensive income

	Nuffnang Australia Pty Ltd		Sashimi Pte Ltd	
	2017	2016	2017	2016
	$	$	$	$
Revenue	1,368,808	1,185,412	1,980,927	1,781,501
Profit / (loss) before income tax	(308,193)	(701,208)	282,745	501,077
Income tax expense	–	–	(69,247)	(139,854)
Total comprehensive (loss) income for the year	(308,193)	(701,208)	213,498	361,223

13. Investments in subsidiaries (continued)

13A. Subsidiaries with material non–controlling "interests" ("NCI") (continued)

Summarised statement of cash flow

	Nuffnang Australia Pty Ltd		Sashimi Pte Ltd	
	2017	2016	2017	2016
	$	$	$	$
Net cash (outflow) inflow from operating activities	–	(613,158)	59,948	264,105
Net cash outflow from investing activities	–	-	(77,309)	(10,121)
Net cash inflow (outflow) from financing activities	–	598,111	(3,841)	–
Net (decrease) increase in cash and cash equivalents	–	(15,047)	(21,202)	253,984
Cash and cash equivalents at beginning of financial year	87,028	102,075	329,024	75,040
Cash and cash equivalent at the end of the financial year	–	87,028	307,822	329,024

14. Investments in associates

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Movements in carrying value:				
Balance at beginning of the year	151,439	61,409	16,932	16,932
Foreign exchange adjustments	(3,552)	757	–	–
Disposals	(116,424)	–	(116,424)	-
Dividend income received	(26,056)	(60,773)	–	–
Impairment written off	116,424	–	116,424	-
Share of the profit for the year	36,594	150,046	–	–
Total at end of the year	158,425	151,439	16,932	16,932
Carrying value comprising:				
Unquoted equity share at cost	16,932	133,356	16,932	133,356
Allowance for impairment	–	(116,424)	–	(116,424)
Share of profits, net of dividends received	141,493	134,507	–	-
	158,425	151,439	16,932	16,932
Share of net book value of associates	158,425	151,439	158,425	151,439

14. Investments in associates (continued)

	Group and Company	
	2017	2016
	$	$
Movement in above allowance for impairment:		
Balance at beginning of the year	116,424	116,424
Impairment allowance written off	(116,424)	-
Balance at end of the year	-	116,424

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	
	2017	2016	2017	2016
	$	$	%	%
Exteen Co. , Ltd [1] [3]	-	116,424	-	51
Thailand Making website and advertisement (RSM Thailand)				
Nuffnang Philippines Inc. [2]	16,932	16,932	40	40
Marketing of internet placements (Sycip Gorres Velayo & Co.)				
	16,932	133,356		

(1) Disposed by the Group on 6 January 2017.

(2) 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.

(3) Audited by other member firms of RSM International of whom RSM Chio Lim LLP in Singapore is a member.

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	
	2017	2016
	$	$
Aggregate for all non–material associates:		
Profit from continuing operations	91,486	270, 347
Net assets of the associates	396,063	323, 093

15. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables:				
Outside parties	2,252,347	2,925,060	301	–
Less allowance for impairment	(28,346)	(131,795)	–	–
Subsidiaries (Note 3)	–	–	1,684,061	1,595,630
Less allowance for impairment	–	–	(1,253,965)	(902,639)
Associates (Note 3)	60,584	29,344	21,089	29,343
Net trade receivables – subtotal	2,284,585	2,822,609	451,486	722,334
Other receivables:				
Outside parties	181,807	152,827	–	–
Directors (Note 3)	7,216	1,525	992	992
Subsidiaries (Note 3)	–	–	2,623,354	4,146,432
Allowance for impairment	–	–	(2,039,466)	(2,168,944)
Associates (Note 3)	–	41,112	–	–
Related parties (Note 3)	108,793	170,185	–	–
Tax recoverable	186,186	168,327	–	–
Net other receivables – subtotal	484,002	533,976	584,880	1,978,480
Total trade and other receivables	2,768,587	3,356,585	1,036,366	2,700,814
Movements in above allowance:				
Balance at beginning of the year	131,795	258,063	3,071,583	458,648
Charge for trade receivables to profit or loss included in other losses (Note 6)	136,109	10,378	702,695	841,793
Charge for other receivables to profit or loss included in other losses (Note 6)	–	–	480,053	1,811,762
Used	(239,558)	(136,646)	(960,900)	(40,620)
Balance at end of the year	28,346	131,795	3,293,431	3,071,583

16. Other assets

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Prepayments	68,270	13,452	18,929	–
Deposits to secure services	60,513	54,477	210	210
	128,783	67,929	19,139	210

17. Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Not restricted in use	5,218,143	7,605,552	3,476,728	5,513,427

The interest earning balances are not significant.

17A. Non–cash transactions:

There were acquisitions of certain assets under plant and equipment with a total cost of $45,892 (2016: $Nil) acquired by means of finance leases.

17B. Reconciliation of liabilities arising from financing activities:

The Group does not have any external borrowings save for finance leases that are not significant (Note 23). Movements in amounts due to related parties are disclosed in Note 3C.

18. Share capital

	Group and Company	
	Number of shares issue	Share Capital
		$
Ordinary shares of no par value:		
Balance at 1 January 2016	262,500,000	13,571,077
Adjustment to purchase consideration on acquisition of remaining interest in an associate [(a)]	-	226,009
Balance at 31 December 2016 and at 31 December 2017	262,500,000	13,797,086

(a) As a result of the purchase price allocation exercise completed in 2016, certain revisions were made to the provisional accounting of the acquisition. As such, consideration for the acquisition was revised from $1.1m to $1.3m. This is as a result of using the closing share price of Netccentric Limited on completion date.

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	
	2017	2016
	$	$
Balance at beginning of the year	(212,635)	(199,807)
Exchange differences on translating foreign operations	(156,263)	(12,828)
Disposal of subsidiaries	24,990	-
Balance at end of the year	(343,908)	(212,635)

20. Share options

	Group and Company	
	2017	2016
	$	$
Balance at beginning and at end of the year	228,000	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 has 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 was 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 took into consideration factors like behavioural considerations and non-transferability of the options granted.

For the reporting year, the total charges to profit or loss included in administrative expenses amounted to $Nil (2016: $Nil).

21. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade payables:				
Outside parties and accrued liabilities	1,979,213	2,105,307	142,791	81,619
Subsidiaries (Note 3)	–	–	922,047	1,188,741
Associates (Note 3)	27,671	–	–	–
Trade payables – subtotal	2,006,884	2,105,307	1,064,838	1,270,360

21. Trade and other payables (continued)

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Other payables:				
Outside parties	379,934	134,439	2,628	16, 316
Directors (Note 3)	93,735	701,324	–	245, 939
Shareholders (Note 3)	255,480	-	245,939	-
Subsidiaries (Note 3)	–	–	484,424	518, 897
Other payables – subtotal	729,149	835,763	732,991	781, 152
Total trade and other payables	2,736,033	2, 941,070	1,797,829	2, 051, 512

22. Other liabilities

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Deferred revenue	59,623	480,844	–	–

23. Other financial liabilities

	Group	
	2017	2016
	$	$
Finance leases		
Non-current	46,619	24, 608
Current	13,266	5,191
Total non-current and current	59,885	29,799
The non-current portion is repayable as follows:		
Due within two to five years	46,619	24,608
After five years	–	-
Total non-current portion	46,619	24,608

23. Other financial liabilities (continued)

23A. Finance leases

	Minimum payments	Finance charges	Present value
	$	$	$
2017			
Minimum lease payments payable:			
Due within one year	15,871	(2,605)	13,266
Due within two to five years	50,234	(3,615)	46,619
Total	66,105	(6,220)	59,885
Net book value of plant and equipment under finance leases			70,481
2016			
Minimum lease payments payable:			
Due within one year	6,554	(1,363)	5,191
Due within two to five years	27,296	(2,688)	24,608
Total	33,850	(4,051)	29,799
Net book value of plant and equipment under finance leases			49,917

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets. Other details are as follows:

	2017	2016
Average lease term, in years	6	7
Average effective borrowing rate per year	2.60%	2.65%

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	
	2017	2016	2017	2016
	$	$	$	$
Not later than one year	133,748	211,163	7,500	30,000
Later than one year and not later than five years	46,456	44,425	–	10,000
	180,204	255,588	7,500	40,000
Rental expense for the year	408,901	435,268	30,000	30,000

24. Operating lease payment commitments – as lessee (continued)

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

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 1 to 4 years (2016: 1 to 4 years).

25. Financial instruments: Information on financial risks

25A. Categories of financial assets and liabilities

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

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Financial assets:				
Cash and cash equivalents	5,218,143	7,605,552	3,476,728	5,513,427
Loans and receivables	2,582,401	3,188,258	1,036,366	2,700,814
At end of the year	7,800,544	10,793,810	4,513,094	8,214,241
Financial liabilities:				
Trade and other payables at amortised cost	2,736,033	2,941,070	1,797,829	2,051,512
Other financial liabilities at amortised cost	59,885	29,799	–	–
At end of the year	2,795,918	2,970,869	1,797,829	2,051,512

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.

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

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 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.

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 assets; the maximum amount of the entity could have to pay if the guarantee is called on; and a full amount of any 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 (2016: 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	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables:				
Past due less than three months	953,054	1,289,932	5,018	42,278
Past due three to six months	71,356	615,510	19,583	–
Past due over six months	110,217	175,171	419,594	454,360
Total	1,134,627	2,080,613	444,195	496,638

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

25D. Credit risk on financial assets (continued)

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

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables:				
Over 120 days	28,346	131,795	1,253,965	902,639

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.

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

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Top 1 customer	217,759	206,534	893,897	890,560
Top 2 customers	363,121	409,978	1,108,921	1, 241,929
Top 3 customers	474,836	604,296	1,174,151	1,445,098

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
	$	$	$
Non-derivative financial liabilities:			
Group			
2017:			
Gross finance lease obligations	15,871	50,234	66,105
Trade and other payables	2,736,033	–	2,736,033
At end of the year	2,751,904	50,234	2,802,138
2016:			
Gross finance lease obligations	6,554	27,296	33,850
Trade and other payables	2,941,070	–	2,941,070
At end of the year	2,947,624	27,296	2,974,920

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
	$	$	$
Non-derivative financial liabilities:			
Company			
2017:			
Trade and other payables	1,797,829	-	1,797,829
At end of the year	1,797,829	-	1,797,829
2016:			
Trade and other payables	2,051, 512	-	2,051, 512
At end of the year	2,051, 512	-	2,051, 512

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 (2016: 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		Company	
	2017	2016	2017	2016
	$	$	$	$
Financial liabilities with interest:				
Fixed rates	59,885	29,799	-	-
Total at end of the year	59,885	29 799	-	-
Financial assets with interest:				
Fixed rates	2,250,062	3,198,422	2,250,062	3,198,422
Trade and other payables	2,250,062	3,198,422	2,250,062	3,198,422

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 significant amounts denominated in non-functional currencies:

	Australian Dollars	Great British Pounds	United States Dollars	Total
	$	$	$	$
Group				
2017:				
Financial assets:				
Cash and cash equivalents	2,250,062	413,401	759,978	3,423,441
Total financial assets	2,250,062	413,401	759,978	3,423,441
2016:				
Financial assets:				
Cash and cash equivalents	3,198,422	417,413	989,160	4,604,995
Total financial assets	3,198,422	417,413	989,160	4,604,995

	Australian Dollars	Great British Pounds	Malaysian Ringgit	United States Dollars	Thai Baht	Others	Total
	$	$	$	$	$	$	$
Company							
2017:							
Financial assets:							
Cash and cash equivalents	2,250,062	413,401	–	759,978	–	–	3,423,441
Loans and receivables	–	–	893,897	7,418	261,700	714,413	1,877,428
Total financial assets	2,250,062	413,401	893,897	767,396	261,700	714,413	5,300,869
Financial liabilities:							
Trade and other payables	–	–	1,015,657	–	-	113,909	1,129,566
Total financial liabilities	–	–	1,015,657	–	-	113,909	1,129,566
Net financial assets (liabilities) at end of the year	2,250,062	413,401	(121,760)	767,396	261,700	600,504	4,171,303

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

25G. Foreign currency risks (continued)

	Australian Dollars	Great British Pounds	Malaysian Ringgit	United States Dollars	Thai Baht	Others	Total
	$	$	$	$	$	$	$
Company							
2016:							
Financial assets:							
Cash	3,198,422	417,413	–	989,160	-	-	4,604,995
Loans and receivables	587,460	335,815	890,560	-	291,684	752,437	2,857,956
Total financial assets	3,785,882	753,228	890,560	989,160	291,684	752,437	7,462,951
Financial liabilities:							
Trade and other payables	1,408	-	1,188,740	-	-	-	1,190,148
Total financial liabilities	1,408	-	1,188,740	-	-	-	1,190,148
Net financial assets (liabilities) at end of the year	3,784,474	753,228	(298,180)	989,160	291,684	752,437	6,272,803

Sensitivity analysis:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
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	(67,502)	(95,953)	(67,502)	(113,534)
A hypothetical 2% strengthening in the exchange rate of the functional currency $ against GBP with all other variables held constant would have an (adverse) / favourable effect on pre-tax profit of	(8,268)	(8,348)	(8,268)	(15,065)
A hypothetical 3% strengthening in the exchange rate of the functional currency $ against USD with all other variables held constant would have a favourable / (adverse) effect on pre-tax profit of	(22,799)	(29,675)	(23,022)	(29,675)
A hypothetical 2% strengthening in the exchange rate of the functional currency $ against MYR with all other variables held constant would have a favourable / (adverse) effect on pre-tax profit of	NA	NA	2,435	5,964
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	NA	NA	(2,617)	(2,917)
A hypothetical 1% strengthening in the exchange rate of the functional currency $ against Others with all other variables held constant would have a favourable / (adverse) effect on pre-tax profit of	NA	NA	(6,005)	(7,524)

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.

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

25G. Foreign currency risks (continued)

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. Acquisition of subsidiaries

In FY2017, the Group acquired 51% of the share capital in Plata and Punta Sdn Bhd and 51% in Dejitaru Sdn Bhd. The transactions were accounted for by the acquisition method of accounting.

The consideration transferred are as follows:

	2017 $
Plata and Punta Sdn Bhd	
Consideration transferred:	
Cash paid – 1st tranche	94,472
Contingent liability payable consideration – 2nd tranche [(a)]	64,534
Contingent liability payable consideration – 3rd tranche [(a)]	29,076
Total consideration transferred	188,082
Dejitaru Sdn Bhd	
Consideration transferred:	
Cash paid	34
Total consideration transferred	34

(a) This is for the contingent liability payable consideration arrangements. Should the revenue of Plata and Punta Sdn Bhd exceed $486,920 (RM1,480,000) in 2017 and $973,840 (RM2,960,000) in 2018 respectively, the additional aggregate investment is $143,276 (RM446,760) (undiscounted) or $107,457 (RM335,070) (undiscounted) if the revenue targets are not achieved. The above liability amount recognised is the measured fair value (Level 3) of this arrangement at the acquisition date. Subsequent adjustments to the consideration are recognised against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period of not more than twelve months about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss. No adjustment is required for contingent consideration classified as equity.

26. Acquisition of Subsidiaries (continued)

Management has since finalised the purchase price allocation exercise and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition.

	Plata and Punta	Dejitaru	Total
	$	$	$
Trade receivables	14,361	26,464	40,825
Cash and bank balances	183,315	13,194	196,509
Receivable from the group	93,610	-	93,610
Trade and other payables	(63,839)	(20,963)	(84,802)
Income tax payable	(5,666)	(4,197)	(9,863)
Net identifiable assets	221,781	14,498	236,279
Non-controlling interests at fair value	(108,673)	(7,104)	(115,777)
Goodwill (negative goodwill) arising from consolidation	74,974	(7,360)	67,614
Purchase consideration	188,082	34	188,116
Contingent liability payable consideration [(a)]	(93,610)	-	(93,610)
Cash and bank balances acquired	(183,315)	(13,194)	(196,509)
Net cash outflow from acquisition of subsidiaries	(88,843)	(13,160)	(102,003)

The non-controlling interests in the acquirees as at the date of acquisition were measured based on the non-controlling interests' proportionate share of the acquirees' net identifiable assets.

The goodwill arising on acquisition of above subsidiary is attributable to the anticipated profitability of the acquired subsidiary and the anticipated future operating synergies from the combination. The negative goodwill is not significant.

The goodwill is not deductible for tax purposes.

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

	Group	
	From date of acquisition in 2017	For the reporting year 2017
	$	$
Revenue	246,703	534,226
Profit before income tax	76,532	121,787

27. Disposal of subsidiaries and associate

The subsidiaries Ripplewerkz Private Limited and Aroimakmak Pte Ltd were disposed on 6 September 2017 and Nuffnang Australia Pty Ltd was disposed on 1 November 2017.

The associate Exteen Co., Ltd was disposed on 6 January 2017.

The loss on disposal for the reporting year from the disposal of the subsidiaries and the associate were as follows:

	2017
	$
Disposal of subsidiaries:	
Total consideration	3
Less: Net liabilities	224,772
Less: Translation reserve	(25,274)
Less: Intangible asset	(22,505)
Less: Non-controlling interest	(628,439)
Net loss on disposal	(451,443)
Disposal of associate:	
Total consideration	7,794
Less: cost of investment (impaired in full in FY2016)	-
Net gain on disposal	7,794
Net cash outflow on disposal:	
Cash consideration	7,797
Cash balance disposed of	(126,874)
Net cash outflow	(119,077)

28. Contingent liabilities

	2017	2016
	$	$
Undertaking to support subsidiaries with deficits	3,938,967	4,695,622

29. Events after the end of the reporting year

Subsequent to the end of the reporting year, a subsidiary of the Group, Nuffnang Ltd was struck off on 30 January 2018.

30. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards in Singapore 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 material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendments to FRS 7: Disclosure Initiative
FRS 12	Amendments to FRS 12: Recognition Of Deferred Tax Assets For Unrealised Losses

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

For the future reporting years new or revised Financial Reporting Standards in Singapore 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.

For the future reporting years new or revised Financial Reporting Standards in Singapore 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.

FRS No.	Title	Effective date for periods beginning on or after
FRS 28	Amendments to FRS 28 Investments in Associates and Joint Venture - Sale or Contribution of Assets	1 January 2018
FRS 102	Amendments to, Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers. Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 January 2019
INT FRS 122	Foreign Currency Transactions and Advance Consideration	1 January 2018
INT FRS 123	Uncertainty over Income Tax Treatments	1 January 2019

ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 15 March 2018.

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 its 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	57	257,977,097	98.28
10, 001 to 100, 000	102	3,806,415	1.45
5, 001 to 10, 000	64	623,291	0.24
1, 001 to 5, 000	27	92,403	0.04
1 to 1, 000	55	794	0.00
Total	305	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	95,215,461 (1)
Ewe Tiam Tiah	94,296,749
Thee Kian Tiah and/or Nominees	18,100,001
Total	207,612,211

(1) Confirmed as at 31 March 2017. No further disclosure until date of this report obtained.

Voting rights

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

Ordinary shares

Each shareholder is a holder of CHESS Depository Interest ("CDI"). All shareholders are entitled to vote by informing the CHESS Depository Nominee ("CDN") of their intentions within 3 business days of a poll. Each CDI will 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 7 May 2018.

You may submit written questions to the Company or the Company's external auditor in advance of the AGM about the business of the Company, the Resolutions put forward at the upcoming AGM, or the Annual Report. If the question is directed to the external auditor, it must be relevant to either the:

1. conduct of the audit; or
2. preparation and content of the auditor's report; or
3. accounting policies adopted by the Company in relation to the preperation of the financial statements; or
4. independence of the auditor in relation to the conduct of the audit.

EQUITY SECURITY HOLDERS

1. Twenty largest quoted equity security holders

2. The names of the twenty largest holders of quoted equity securities are listed below:

Rank	Name	No of Shares	% of Issued Shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	105,888,305	40.34
2	CITICORP NOMINEES PTY LIMITED	97,746,119	37.24
3	TA SECURITIES HOLDINGS BERHAD	16,615,001	6.33
4	TASEC NOMINEES (ASING) SDN BHD	4,728,500	1.80
5	WEIJIE LIONEL CHIN	4,550,000	1.73
6	TASEC NOMINEES (TEMPATAN) SDN BHD	4,460,000	1.70
7	KEVIN TSAI SHAO CHUNG	3,750,000	1.43
8	MR PANG TEE CHEW	2,500,000	0.95
9	HUI WEN YANG	1,925,103	0.73
10	T T NICHOLLS PTY LTD	1,900,000	0.72
11	BNP PARIBAS NOMS PTY LTD	1,846,049	0.70
12	MS SOO WAH TAN	1,020,000	0.39
13	MS SOO KIAN TAN	500,000	0.19
13	MR WILLIAM KAH TIONG	500,000	0.19
13	MR ROBERT GERARD STARCEVICH	500,000	0.19
13	FUTURE SUPER PTY LTD	500,000	0.19
14	GARETH DAVIES	431,958	0.16
14	CHENG LEONG FOONG	431,958	0.16
15	MR MURRAY JAMES MCGILL & MRS SUZANNE APPEL MCGILL	370,000	0.14
16	MRS POOI CHIN TONG	340,000	0.13
17	YANYAN WENDY CHENG	339,609	0.13
17	ALVIN KIT WAN CHAN	339,609	0.13
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	330,000	0.13
18	BNP PARIBAS NOMINEES PTY LTD	330,000	0.13
19	FARR Q PTY LTD	300,000	0.11
20	MR MATTHEW REGOS & MRS SILVIA REGOS	285,000	0.11
	Total	**252,427,211**	**96.15**
	Balance of register	**10,072,789**	**3.85**
	Grand total	**262,500,00**	**100.00**

Unquoted equity securities: Nil

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

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