

Netccentric Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Netccentric Limited
ARBN:	605927464
Current reporting period:	For the half-year ended 30 June 2019
Previous reporting period:	For the half-year ended 30 June 2018

2. Results for announcement to the market

			S\$
Revenue from ordinary activities	down	19% to	3,432,604
Loss from ordinary activities after tax attributable to the owners of Netccentric Limited	down	33% to	(393,349)
Loss for the half-year attributable to the owners of Netccentric Limited	down	33% to	(393,349)

Dividends

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

Comments

The loss, net of tax for the group amounted to \$326,613 (30 June 2018: loss, net of tax of \$512,986).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets ("NTA") per ordinary share	<u>1.60</u>	<u>1.93</u>

4. Dividends

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

5. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period S\$	Previous period S\$
Nuffnang Philippines Inc	40.00%	40.00%	N.M.	N.M.
<i>Group's aggregate share of associates and joint venture entities' loss (where material)</i>				
Loss from ordinary activities before income tax			(14,389)	(24,363)

N.M. – Not material to the group.

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

Nuffnang (Thailand) Co., Ltd. – Entity was disposed on 1 April 2019.
Reality TV Private Limited – Entity was struck off on 4 June 2019.

7. Audit qualification or review

Details of review dispute or qualification:

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

8. Attachments

Details of attachments:

The Interim Financial Statements of Netccentric Limited for the half-year ended 30 June 2019 are attached.

9. Signed



Angeline Chiam
Interim Chief Executive Officer

Date: 29 August 2019

NETCENTRIC LIMITED

(Incorporated in Singapore. Registration Number: 200612086W)

and its subsidiaries

ARBN 605927464

Interim Financial Statements

for the six months ended 30 June 2019

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Netccentric Limited
Directors' Report
30 June 2019

The directors of the company are pleased to present their report together with the financial statements of the consolidated entity (referred to hereafter as the "group") consisting of Netccentric Limited (referred to hereafter as the "company" or "parent entity") and its controlled entities for the six-month reporting period ended 30 June 2019.

Directors

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

Tiah Ewe Tiam (resigned on 29 May 2019)
David Chiam Joy Yeow
Joanne Khoo Su Nee
Ong Eng Gin (appointed on 1 July 2019)

Principal activities

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

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

Review of operations (in \$SG)

Group revenue for H1 2019 was \$3.43 million (H1 2018: \$4.22 million). The decrease was partly due to the disposal of our Thailand entity on 1 April 2019 (H1 2019: \$0.24 million; H1 2018: \$0.44 million) as well as a decrease of approximately 37% (H1 2019: \$0.72 million; H1 2018: \$1.14 million) in revenue streams from our Social Media Agency arm. The drop is a result of an optimization of its client base for future sustainable growth.

Besides cost-cutting measures as evident by the reduction of administrative and employee benefits expenses as well as an improvement in cash outflows amounting to \$0.53 million, we have focused on increasing our margins (H1 2019: 48%; H1 2018: 45%) by providing better value to our clients through diversifying and innovating our product offerings.

Despite a fall in revenue, the group's loss before income tax reduced from \$0.50 million in H1 2018 to \$0.32 million in H1 2019. The loss in H1 2019 was partly attributed by a one-off non-cash loss on disposal of our Thailand entity amounting to \$0.06 million. The loss was further driven by a \$0.03 million foreign exchange loss which has been reported in the period due to the depreciation of foreign currencies against the functional currency.

Significant changes in the state of affairs

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

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

On behalf of the Board of Directors



Joanne Khoo Su Nee
Director



David Chiam Joy Yeow
Director

29 August 2019

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Netccentric Limited

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30 June 2019

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General information

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

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

Registered office

18 Roberts Lane
#04-01 Goodland Building
Singapore 218297

Principal place of business

18 Roberts Lane
#04-01 Goodland Building
Singapore 218297

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2019.

Netccentric Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2019

		<u>Group</u>	
	Note	<u>30 Jun 2019</u>	<u>30 Jun 2018</u>
		\$	\$
Revenue	3	3,432,604	4,218,705
Cost of sales		<u>(1,779,292)</u>	<u>(2,319,910)</u>
Gross profit		1,653,312	1,898,795
Interest income		9,657	18,636
Other gains	4	88,726	225,295
Administrative and operating expenses	5	(464,891)	(683,001)
Employee benefits expense		(1,469,960)	(1,789,512)
Other losses	4	(90,711)	(140,580)
Finance costs		(27,680)	(7,238)
Share of loss from equity-accounted associate		<u>(14,389)</u>	<u>(24,363)</u>
Loss before income tax		(315,936)	(501,968)
Income tax expense		<u>(10,677)</u>	<u>(11,018)</u>
Loss, net of tax		<u>(326,613)</u>	<u>(512,986)</u>
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax		<u>11,530</u>	<u>(36,636)</u>
Other comprehensive profit (loss), net of tax		<u>11,530</u>	<u>(36,636)</u>
Total comprehensive loss		<u>(315,083)</u>	<u>(549,622)</u>
Loss for the period attributable to:			
Owners of the parent		(393,349)	(583,539)
Non-controlling interests		<u>66,736</u>	<u>70,553</u>
Loss, net of tax		<u>(326,613)</u>	<u>(512,986)</u>
Total comprehensive loss for the period attributable to:			
Owners of the parent		(381,606)	(620,171)
Non-controlling interests		<u>66,523</u>	<u>70,549</u>
Total comprehensive loss		<u>(315,083)</u>	<u>(549,622)</u>
Loss per share		<u>Cents</u>	<u>Cents</u>
Basic and diluted	9	<u>(0.15)</u>	<u>(0.22)</u>

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

Netccentric Limited
Consolidated Statement of Financial Position
As at 30 June 2019

	Note	Group	
		30 Jun 2019	31 Dec 2018
		\$	\$
ASSETS			
Non-current assets			
Plant and equipment		489,820 ¹	247,185
Investments in associates		52,494	83,461
Intangible asset		74,974	74,974
Total non-current assets		<u>617,288</u>	<u>405,620</u>
Current assets			
Trade and other receivables		1,680,457	2,469,912
Other assets		147,431	164,746
Cash and cash equivalents	6	3,416,855	3,747,554
Total current assets		<u>5,244,743</u>	<u>6,382,212</u>
Total assets		<u>5,862,031</u>	<u>6,787,832</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	7	13,797,086	13,797,086
Accumulated losses		(10,010,165)	(9,616,816)
Share option reserve		228,000	228,000
Foreign currency translation reserves		(410,624)	(417,892)
Equity attributable to owners of the parent		<u>3,604,297</u>	<u>3,990,378</u>
Non-controlling interests		675,348	739,683
Total equity		<u>4,279,645</u>	<u>4,730,061</u>
Non current liabilities			
Deferred tax liabilities		–	503
Other financial liabilities		168,582 ¹	32,730
Total non-current liabilities		<u>168,582</u>	<u>33,233</u>
Current liabilities			
Income tax payable		6,143	32,791
Trade and other payables		1,296,771	1,908,310
Other financial liabilities		64,558 ¹	14,002
Other liabilities		46,332	69,435
Total current liabilities		<u>1,413,804</u>	<u>2,024,538</u>
Total liabilities		<u>1,582,386</u>	<u>2,057,771</u>
Total equity and liabilities		<u>5,862,031</u>	<u>6,787,832</u>

Footnote:

¹ Includes right of use assets of S\$182,517. The Group has recognised its existing operating lease arrangements where the Group is a lessee as right of use assets and lease liabilities with the adoption of SFRS 116 *Leases* from 1 January 2019.

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

Netccentric Limited
Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2019

	<u>Total equity</u> \$	<u>Attributable to parent Sub-total</u> \$	<u>Share capital</u> \$	<u>Accumulated losses</u> \$	<u>Share option reserves</u> \$	<u>Foreign currency translation reserves</u> \$	<u>Non-controlling interests</u> \$
Group:							
Current period:							
Balance at 1 January 2019	4,730,061	3,990,378	13,797,086	(9,616,816)	228,000	(417,892)	739,683
Movements in equity:							
Total comprehensive (loss) income for the period	(315,083)	(381,606)	–	(393,349)	–	11,743	66,523
Disposal of subsidiaries with change in control	(87,653)	(4,475)	–	–	–	(4,475)	(83,178)
Dividends paid to non-controlling interests	(47,680)	–	–	–	–	–	(47,680)
Balance at 30 June 2019	<u>4,279,645</u>	<u>3,604,297</u>	<u>13,797,086</u>	<u>(10,010,165)</u>	<u>228,000</u>	<u>(410,624)</u>	<u>675,348</u>
Previous period:							
Balance at 1 January 2018	5,612,947	5,286,760	13,797,086	(8,394,418)	228,000	(343,908)	326,187
Movements in equity:							
Total comprehensive (loss) income for the year	(1,115,928)	(1,406,290)	–	(1,340,604)	–	(65,686)	290,362
Acquisition of a non-controlling interest without a change in control	297,131	109,908	–	118,206	–	(8,298)	187,223
Disposal of subsidiaries with change in control	135,104	–	–	–	–	–	135,104
Dividends paid to non-controlling interests	(199,193)	–	–	–	–	–	(199,193)
Balance at 31 December 2018	<u>4,730,061</u>	<u>3,990,378</u>	<u>13,797,086</u>	<u>(9,616,816)</u>	<u>228,000</u>	<u>(417,892)</u>	<u>739,683</u>

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

Netccentric Limited
Consolidated Statement of Cash Flows
For the half-year ended 30 June 2019

	Group	
	30 Jun 2019	30 Jun 2018
	\$	\$
<u>Cash flows from operating activities</u>		
Loss before income tax	(315,936)	(501,968)
Adjustments for:		
Share of loss from equity-accounted associates	14,389	24,363
Interest income	(9,657)	(18,636)
Finance costs	27,680	7,238
Depreciation of plant and equipment	97,329	57,324
Loss on disposal of subsidiary	61,013	135,104
(Gain) Loss on disposal of plant and equipment	(82)	5,476
Net effect of exchange rate changes in consolidating foreign operations	11,532	(36,644)
Operating cash flows before changes in working capital	<u>(113,732)</u>	<u>(327,743)</u>
Trade and other receivables	479,504	(16,054)
Other assets	17,315	(95,000)
Trade and other payables	(845,775)	(502,594)
Other liabilities	32,330	86,973
Net cash flows used in operations	<u>(430,358)</u>	<u>(854,418)</u>
Income taxes paid	(103,798)	(201,156)
Net cash used in operating activities	<u>(534,156)</u>	<u>(1,055,574)</u>
<u>Cash flows from investing activities</u>		
Dividend from associate	16,578	-
Disposal of subsidiaries	468,473	-
Purchase of plant and equipment	(121,842)	(73,661)
Interest received	9,657	18,636
Net cash from (used in) investing activities	<u>372,866</u>	<u>(55,025)</u>
<u>Cash flows from financing activities</u>		
Dividends paid to non-controlling interests	(47,680)	(68,900)
Finance costs	(27,680)	(7,238)
Repayment of other financial liabilities	(94,049)	-
Net cash used in financing activities	<u>(169,409)</u>	<u>(76,138)</u>
Net decrease in cash and cash equivalents	(330,699)	(1,186,737)
Cash and cash equivalents at the beginning of reporting period	<u>3,747,554</u>	<u>5,218,143</u>
Cash and cash equivalents, at the end of reporting period (Note 6)	<u>3,416,855</u>	<u>4,031,406</u>

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

Note 1. Significant accounting policies

The consolidated financial statements for the interim half-year reporting period ended 30 June 2019 have been prepared in accordance with Singapore Financial Reporting Standard (“SFRS”) 34, Interim Financial Reporting.

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

The principal accounting policies adopted are consistent with those of disclosed in the audited financial statements for the reporting year ended 31 December 2018. The report is presented in its functional currency, Singapore dollars.

Changes and adoption of financial reporting standards

For the current reporting period the consolidated entity has adopted all of the new or revised Singapore Financial Reporting Standards that are mandatory for the current reporting period. The new or revised standards applicable to the group are as follows:

<u>SFRS No.</u>	<u>Title</u>
SFRS 19	Amendments: Plan Amendment, Curtailment or Settlement
SFRS 28	Amendments: Long-Term Interests in Associates and Joint Ventures
SFRS 103; 111; 12 and 23	Annual Improvements to IFRS Standards 2015-2017 contains amendments to SFRS 103 Business Combinations, SFRS 111 Joint Arrangements, SFRS 12 Income Taxes and SFRS 23 Borrowing Costs
SFRS 116	SFRS 116 Leases Illustrative Examples & Amendments to Guidance on Other Standards

The Group has applied SFRS 116 from its mandatory adoption date of 1 January 2019 and has applied the simplified transition approach: no restatements were made on the comparative amounts for the prior periods. With the adoption of SFRS 116, an asset (the right to use the leased item) and a financial liability to pay rentals have been recognised.

Right of use assets were measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Prior to the adoption of SFRS 116, lease payments made for rental were presented as rental expenses in the Profit and Loss and formed part of the Group’s operating cash flows on the Statement of Cash Flows. However, with the adoption of SFRS 116, such payments were included as borrowing cost on the Profit and Loss and principal repayment was shown as a reduction in lease liabilities in the Statement of Financial Position. Payments for lease liabilities were included in the financing cash flows on the Statement of Cash Flows. There was no significant impact on distribution with the adoption of SFRS 116.

Note 2. Segment Reporting

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.

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 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 summary of significant accounting policies.

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

Business Units

	<u>Group</u>	
	<u>30 Jun 2019</u>	<u>30 Jun 2018</u>
	\$	\$
Influencer Platform	2,179,111	2,617,940
Display Ad Network	2,804	18,092
Digital Asset Production	161,783	137,186
Social Media Agency	724,107	1,142,784
Performance Marketing Agency	356,168	245,536
Others	8,631	57,167
Total	<u>3,432,604</u>	<u>4,218,705</u>

Netccentric Limited
Notes to the Financial Statements
30 June 2019

Note 2. Segment Reporting (cont'd)

Country

	Group	
	30 Jun 2019	30 Jun 2018
	\$	\$
Indonesia	102,608	192,046
Malaysia	2,290,567	2,288,202
Singapore	341,743	581,859
Taiwan	459,221	716,056
Thailand	238,465	440,542
Total	3,432,604	4,218,705

Note 3. Revenue

	Group	
	30 Jun 2019	30 Jun 2018
	\$	\$
Rendering of services	3,432,604	4,218,705

Note 4. Other gains and (other losses)

	Group	
	30 Jun 2019	30 Jun 2018
	\$	\$
Allowance for impairment on trade receivables – reversal	74,743	–
Foreign exchange adjustment (loss)/ gain	(29,698)	149,791
Government grants	9,203	48,136
Loss on disposal of plant and equipment	82	(5,476)
Loss on disposal of subsidiary	(61,013)	(135,104)
Rental income	1,285	2,490
Other income	3,413	24,878
Net	(1,985)	84,715
Presented in profit or loss as:		
Other gains	88,726	225,295
Other losses	(90,711)	(140,580)
	(1,985)	84,715

Note 5. Administrative and operating expenses

The major components include the following:

	Group	
	30 Jun 2019	30 Jun 2018
	\$	\$
Advertising expenses	11,677	5,337
Depreciation expense	97,329	57,324
Operating lease expense	34,488	97,479
Professional fees	79,668	205,032
Travelling expenses	9,617	20,832

Netccentric Limited
Notes to the Financial Statements
30 June 2019

Note 6. Cash and cash equivalents

	<u>30 Jun 2019</u>	<u>Group</u> <u>31 Dec 2018</u>
	\$	\$
Not restricted in use	3,416,855	3,747,554
Cash at end of the half year	<u>3,416,855</u>	<u>3,747,554</u>

The interest earning balances are not significant.

Non-cash transactions:

There are no reconciliation amounts for the non-cash changes in liabilities arising from financing activities.

Note 7. Share capital

<u>Group and company</u>	<u>Number of</u> <u>shares</u> <u>issued</u>	<u>Share</u> <u>capital</u> <u>\$</u>
Ordinary shares: As at 1 January 2018, 31 December 2018 and 30 June 2019	<u>262,500,000</u>	<u>13,797,086</u>

Note 8. Dividends

There were no dividends paid during the six month reporting period ended 30 June 2019 (2018: \$Nil).

Note 9. Loss per share

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

	<u>30 Jun 2019</u>	<u>Group</u> <u>30 Jun 2018</u>
	\$	\$
A. Numerator: loss attributable to equity:		
Continuing operations:		
Total basic and diluted loss attributable to owners of the parent	<u>(393,349)</u>	<u>(583,539)</u>
B. Denominator: weighted average number of equity shares		
Basic and diluted	<u>262,500,000</u>	<u>262,500,000</u>

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

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

Netccentric Limited
Directors' declaration
30 June 2019

The Directors declare that:

- (a) in the directors' opinion, the attached consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the group as at 30 June 2019 and of the results and cash flows of the group and changes in equity of the group for the reporting six-month period then ended; and
- (b) in the directors' opinion, at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of Board of Directors.

On behalf of the Board of Directors



Joanne Khoo Su Nee
Director

29 August 2019



David Chiam
Director

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

Introduction

We have reviewed the accompanying condensed interim consolidated financial information of Netccentric Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 11.

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

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information does not give a true and fair view of the financial position of the entity as at 30 June 2019, and of its financial performance and its cash flows for the six month period then ended in accordance with Singapore Financial Reporting Standard 34 Interim Financial Reporting.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

29 August 2019
Partner in charge: Paul Lee Seng Meng