

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 2016
Previous reporting period:	For the half-year ended 30 June 2015

2. Results for announcement to the market

			S\$
Revenue from ordinary activities	up	5% to	6,242,158
Loss from ordinary activities after tax attributable to the owners of Netccentric Limited	up	268% to	(2,502,829)
Loss for the half-year attributable to the owners of Netccentric Limited	up	268% to	(2,502,829)

Dividends

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

Comments

The loss, net of tax for the group amounted to \$2,523,267 (30 June 2015: loss, net of tax of \$660,704).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets ("NTA") per ordinary shares	4.04	4.87

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\$
Ripplewerkz	- %	50.00%	N.M.	N.M.
Exteen Co Ltd	49.00%	49.00%	N.M.	N.M.
Nuffnang Philippines Inc	40.00%	40.00%	N.M.	N.M.

Group's aggregate share of associates and joint venture entities' (loss) profit (where material)

(Loss) profit from ordinary activities before income tax	20,131	34,896
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N.M. – Not material to the group.

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

Not applicable – no changes during the reporting period.

7. Audit qualification or review

Details of review dispute or qualification:

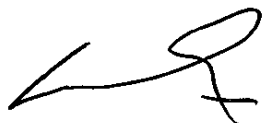
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Statements.

8. Attachments

Details of attachments:

The Interim Financial Statements of Netccentric Limited for the half-year ended 30 June 2016 is attached.

9. Signed



Cheo Ming Shen @ Tong Ming Shen
Managing Director and Chief Executive Officer

Date: 26 August 2016

NETCCENTRIC LIMITED

(Incorporated in Singapore. Registration Number: 200612086W)

and its subsidiaries

ARBN 605927464

Interim Financial Statements for the six months ended 30 June 2016

Netccentric Limited
Directors' Report
30 June 2016

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 2016.

Directors

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

Tiah Ewe Tiam
Cheo Ming Shen @ Tong Ming Shen
Martyn Thomas
Kevin Tsai Shao Chung
Pierre Pang He Ta

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

The group's revenue for the half-year ended 30 June 2016 was \$6.2 million (30 June 2015: \$5.9 million). The increase was partly due to the consolidation of the results of Ripplewerkz Pte Ltd during the reporting period as well as driven by solid growth in revenue from the Social Media Agency segment. The Digital Assets Production and Social Media Agency segments achieved a revenue for the half-year ended 30 June 2016 of \$1.6 million (30 June 2015: \$0.7 million) which contributed 25% of total revenue for the half-year ended 30 June 2016 (30 June 2015: 12% of total revenue).

The group's loss before income tax was \$2.5 million (30 June 2015: loss before income tax of \$0.7 million), due to the increase in administrative and operating expenses, employee benefits and other losses.

Employee benefits expenses increased by \$1.1 million (of which \$0.3 million was contributed by Ripplewerkz Pte Ltd acquired during the period) due to an increase in headcounts caused by group expansion with new hires and focus on product development across various business units. The group also incurred one-off advertising expenses of \$1.5 million due to expansion efforts of Dayre and Aroi Mak Mak Pte Ltd. In addition, IPO expenses amounting to \$0.2 million was charged during the reporting period.

Furthermore, a \$0.3 million foreign exchange loss has been reported this 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



Tiah Ewe Tiam
Director

26 August 2016



Cheo Ming Shen @ Tong Ming Shen
Director

Netccentric Limited**Contents****30 June 2016****Contents**

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General information

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

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

Registered office

38 Kinta Road
#02-03
Singapore 219107

Principal place of business

38 Kinta Road
#02-03
Singapore 219107

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 August 2016.

Netccentric Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2016

		Group	
	Note	30 Jun 2016	30 Jun 2015
		\$	\$
Revenue	3	6,242,158	5,949,163
Cost of sales		(2,301,412)	(2,435,095)
Gross profit		3,940,746	3,514,068
Interest income		101,381	201
Other gains	4	221,580	174,271
Administrative and operating expenses	5	(2,853,259)	(1,808,566)
Employee benefits expense		(3,646,054)	(2,572,383)
Other losses	4	(262,879)	—
Share of profit from equity-accounted associates		20,131	34,896
Loss before income tax		(2,478,354)	(657,513)
Income tax expense		(44,913)	(3,191)
Loss, net of tax		<u>(2,523,267)</u>	<u>(660,704)</u>
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax		26,247	(78,543)
Other comprehensive income (loss), net of tax		<u>26,247</u>	<u>(78,543)</u>
Total comprehensive loss		<u>(2,497,020)</u>	<u>(739,247)</u>
Loss for the period attributable to:			
Owners of the parent		(2,502,829)	(679,304)
Non-controlling interests		(20,438)	18,600
Loss, net of tax		<u>(2,523,267)</u>	<u>(660,704)</u>
Total comprehensive loss for the period attributable to:			
Owners of the parent		(2,420,119)	(725,093)
Non-controlling interests		(76,901)	(14,154)
Total comprehensive loss		<u>(2,497,020)</u>	<u>(739,247)</u>
Loss per share		Cents	Cents
Basic and diluted	9	<u>(0.95)</u>	<u>(0.35)</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 2016

		Group	
	Note	30 Jun 2016	31 Dec 2015
		\$	\$
<u>ASSETS</u>			
<u>Non-current assets</u>			
Plant and equipment		328,060	273,130
Investments in associates		41,381	61,409
Deferred tax assets		3,576	6,720
Intangible asset		697,879	697,879
Total non-current assets		1,070,896	1,039,138
<u>Current assets</u>			
Trade and other receivables		3,229,224	3,265,829
Other assets		168,284	106,762
Cash and cash equivalents	6	10,910,595	12,901,717
Total current assets		14,308,103	16,274,308
Total assets		15,378,999	17,313,446
<u>EQUITY AND LIABILITIES</u>			
<u>Equity</u>			
Share capital	7	13,571,077	13,571,077
(Accumulated losses) Retained earnings		(2,327,722)	261,225
Share option reserve		228,000	228,000
Foreign currency translation reserves		(117,097)	(199,807)
Equity attributable to owners of the parent		11,354,268	13,860,495
Non-controlling interests		(54,182)	(368,054)
Total equity		11,300,076	13,492,441
<u>Non current liabilities</u>			
Other financial liabilities		36,036	30,573
		36,036	30,573
<u>Current liabilities</u>			
Income tax payable		–	35,258
Trade and other payables		3,696,299	3,410,856
Other financial liabilities		2,587	5,008
Other liabilities		344,001	339,310
Total current liabilities		4,042,887	3,790,432
Total liabilities		4,078,923	3,821,005
Total equity and liabilities		15,378,999	17,313,446

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 2016

	<u>Total equity</u> \$	<u>Attributable to parent Sub-total</u> \$	<u>Share capital</u> \$	<u>(Accumulated losses) Retained earnings</u> \$	<u>Capital reserves</u> \$	<u>Share option reserves</u> \$	<u>Foreign currency translation reserves</u> \$	<u>Non- controlling interests</u> \$
Group:								
Current period:								
Balance at 1 January 2016	13,492,441	13,860,495	13,571,077	261,225	—	228,000	(199,807)	(368,054)
Movements in equity:								
Total comprehensive loss for the period	(2,497,020)	(2,420,119)	—	(2,502,829)	—	—	82,710	(76,901)
Increase in contribution by non- controlling interests	304,655	—	—	—	—	—	—	304,655
Acquisition of non-controlling interests without a change in control	—	(86,118)	—	(86,118)	—	—	—	86,118
Balance at 30 June 2016	11,300,076	11,354,258	13,571,077	(2,327,722)	—	228,000	(117,097)	(54,182)
Previous period:								
Balance at 1 January 2015	2,278,742	2,214,951	65,800	1,982,038	509	—	166,604	63,791
Movements in equity:								
Total comprehensive loss for the year	(1,886,316)	(1,528,557)	—	(1,162,146)	—	—	(366,411)	(357,759)
Issue of share capital	12,921,265	12,921,265	12,921,265	—	—	—	—	—
Share issue costs	(959,250)	(959,250)	(959,250)	—	—	—	—	—
Acquisition of remaining interests in an associate	910,000	910,000	910,000	—	—	—	—	—
Acquisition of non-controlling interests without a change in control	—	74,086	633,262	(559,176)	—	—	—	(74,086)
Transfer to retained earnings	—	—	—	509	(509)	—	—	—
Equity share options issued	228,000	228,000	—	—	—	228,000	—	—
Balance at 31 December 2015	13,492,441	13,860,495	13,571,077	261,225	—	228,000	(199,807)	(368,054)

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 2016

	Group	
	30 Jun 2016	30 Jun 2015
	\$	\$
<u>Cash flows from operating activities</u>		
Loss before income tax	(2,478,354)	(657,513)
Adjustments for:		
Share of profit from equity-accounted associates	(20,131)	(34,896)
Interest income	(101,381)	(201)
Depreciation of plant and equipment	54,448	55,514
Net effect of exchange rate changes in consolidating foreign operations	15,490	(53,376)
Operating cash flows before changes in working capital	(2,529,928)	(690,472)
Trade and other receivables	36,605	(117,540)
Other assets	(61,522)	(396,360)
Trade and other payables	285,443	(139,348)
Other liabilities	7,733	–
Net cash flows used in operations	(2,261,669)	(1,343,720)
Income taxes paid	(77,027)	(3,191)
Net cash used in operating activities	(2,338,696)	(1,346,911)
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	(96,883)	(101,979)
Dividend from associate	38,421	–
Increase in contribution by non-controlling interests	304,655	–
Interest received	101,381	201
Net cash from (used in) investing activities	347,574	(101,778)
<u>Cash flows from financing activities</u>		
Issue of shares	–	15
Proceeds from share application money	–	12,921,250
Net cash from financing activities	–	12,921,265
Net (decrease) increase in cash and cash equivalents	(1,991,122)	11,472,576
Cash and cash equivalents at the beginning of reporting period	12,901,717	2,235,948
Cash and cash equivalents, at the end of reporting period (Note 6)	10,910,595	13,708,524

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

Note 1. Significant accounting policies

The general purpose consolidated financial statements for the interim half-year reporting period ended 30 June 2016 have been prepared in accordance with Singapore Financial Reporting Standard (“FRS”) 34, Interim Financial Reporting.

These general purpose 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 2015. The report is presented in its functional currency, Singapore dollars.

Changes and adoption of financial reporting standards

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

<u>FRS No.</u>	<u>Title</u>
FRS 1	Amendments to FRS 1: Disclosure Initiative
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements
FRS 110 & 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
FRS 110, 112 & 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations
Various	Improvements to FRSs (Issued in November 2014)
	FRS 107 Financial Instruments: Disclosures - Servicing contracts
	FRS 34 Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report

Note 2. Operating segments

Identification of reportable operating segments

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

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

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

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

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

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

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

Business Units

	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>
	\$	\$
Influencer Platform	4,523,121	4,845,911
Display Ad Network	111,054	365,446
Digital Asset Production	772,690	265,190
Social Media Agency	814,920	450,476
Others	20,373	22,140
Total	<u>6,242,158</u>	<u>5,949,163</u>

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

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

Netccentric Limited
Notes to the Financial Statements
30 June 2016

Note 3. Revenue

	Group	
	30 Jun 2016	30 Jun 2015
	\$	\$
Rendering of services	<u>6,242,158</u>	<u>5,949,163</u>

Note 4. Other gains and (other losses)

	Group	
	30 Jun 2016	30 Jun 2015
	\$	\$
Foreign exchange adjustment loss	(262,879)	—
Government grants	167,523	80,323
Gain on disposal of subsidiary	—	12,000
Rental income	6,627	6,385
Other income	47,430	75,563
Total other gains	<u>(41,299)</u>	<u>174,271</u>
Presented in profit or loss as:		
Other gains	221,580	174,271
Other losses	<u>(262,879)</u>	<u>—</u>
	<u>(41,299)</u>	<u>174,271</u>

Note 5. Administrative and operating expenses

The major components include the following:

	Group	
	30 Jun 2016	30 Jun 2015
	\$	\$
Advertising expenses	1,548,618	83,848
Operating lease expense	246,793	164,714
Professional fees	354,483	987,914
Travelling expenses	<u>160,461</u>	<u>105,693</u>

Note 6. Cash and cash equivalents

	Group	
	30 Jun 2016	31 Dec 2015
	\$	\$
Not restricted in use	10,910,595	12,901,717
Cash at end of the half year	<u>10,910,595</u>	<u>12,901,717</u>

The interest earning balances are not significant.

Note 7. Share capital

	Number of shares issued	Share capital \$
<u>Group and company</u>		
<u>Ordinary shares:</u>		
At 31 December 2015 and 30 June 2016	<u>262,499,988</u>	<u>13,571,077</u>

Note 8. Dividends

There were no dividends paid during the six month reporting period ended 30 June 2016 (2015: \$NIL).

Note 9. Loss per share

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

	<u>Group</u>	
	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>
	\$	\$
A. Numerator: loss attributable to equity:		
Continuing operations:		
Total basic and diluted loss attributable to owners of the parent	<u>(2,502,829)</u>	<u>(679,304)</u>
B. Denominator: weighted average number of equity shares		
Basic and diluted	<u>262,499,988</u>	<u>192,407,937</u>

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

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

Note 10. Events after the end of the reporting period

There are no subsequent events noted after the end of the reporting period.

Netccentric Limited
Directors' declaration
30 June 2016

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 2016 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



Tiah Ewe Tiam
Director



Cheo Ming Shen @ Tong Ming Shen
Director

26 August 2016

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**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 interim consolidated financial statements of Netccentric Limited (the "company") and its subsidiaries (the "group") that comprise the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

We conducted our review in accordance with Singapore Standard on Review Engagements (SSRE) 2400 (Revised) which requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review in accordance with SSRE2400 (Revised) is a limited assurance engagement. The procedures primarily consist of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit concluded in accordance with Singapore Standards of Auditing. Accordingly, we do not express an audit opinion on these consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with FRS 34 on Interim Financial Reporting.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

26 August 2016

Partner in charge: Terence Ang Keng Siang

UEN: T09LL0008J