

**Netcentric Limited**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

|                   |   |
|-------------------|---|
| Name of entity:   | Netcentric Limited                              |
| ABN:              | 605927464                                       |
| Reporting period: | For the year ended 31 December 2016 (unaudited) |
| Previous period:  | For the year ended 31 December 2015             |

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**2. Results for announcement to the market**

|  |      |      |    | \$          |
|--|------|------|----|-------------|
| Revenues from ordinary activities  | up   | 4%   | to | 12,589,226  |
| Loss from ordinary activities, net of tax attributable to the owners of Netcentric Limited | down | 359% | to | (5,335,028) |
| Loss for the year attributable to the owners of Netcentric Limited                         | down | 359% | to | (5,335,028) |

*Dividends*

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

*Comments*

The group's revenue for the year ended 31 December 2016 was \$12.6 million (31 December 2015: \$12.1 million). Revenue was driven primarily by sponsored posts as well as an increased performance from Churp Churp in the Influencer Platform segment, seeing growth of 22% and accounting for 33% of overall revenue. The entire Influencer Platform segment achieved revenue for the year ended 31 December 2016 of \$9.3 million (31 December 2015: \$8.9 million) which contributed 74% of total revenue for the year ended 31 December 2016 (31 December 2015: 74% of total revenue). The increase in revenue was also further driven by a one-off profit neutral partnership deal with Flexiroam Asia Limited accounting for \$1.5 million which at the same time contributed to \$1.5 million advertising expenses for the expansion efforts of Aroi Mak Mak Pte Ltd.

The group's loss before income tax totalled \$5.3 million (31 December 2015: loss before income tax of \$1.3 million) largely driven by efforts to expand group operations throughout our target markets and in doing so, incurring additional administrative, employee and advertising expenditure. The loss is further attributed by a one-off non-cash impairment of goodwill arising from the acquisition of Ripplewerkz Pte Ltd amounting to \$0.9 million.

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**3. Net tangible assets**

|   | <b>Reporting<br/>year<br/>Cents</b> | <b>Previous<br/>year<br/>Cents</b> |
|---|-------------------------------------|------------------------------------|
| Net tangible assets per ordinary security | <u>3.26</u>                         | <u>5.01</u>                        |

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**4. Dividends**

*Current period*

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

*Previous period*

There were no dividends paid, recommended or declared during the previous reporting year.

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5. Details of associates

| Name of associate        | Reporting entity's percentage holding |                 | Contribution to profit/(loss) (where material) |                   |
|--------------------------|---------------------------------------|-----------------|--|-------------------|
|                          | Reporting year %                      | Previous year % | Reporting year S\$                             | Previous year S\$ |
| Exteen Co Ltd            | 49.00%                                | 49.00%          | N.M.   | N.M.              |
| Nuffnang Philippines Inc | 40.00%                                | 40.00%          | N.M.   | N.M.              |

N.M. – Not material to the group.

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

No such transactions noted during the year.

7. Status of audit

The financial statements are unaudited and are currently in the process of being audited by RSM Chio Lim LLP.

Yours faithfully



Martyn Thomas  
Chairman

Date: 28 February 2017

**Netccentric Limited**

(Incorporated in Singapore. Registration Number: 200612086W)

**and its subsidiaries**

ARBN 605927464

**Preliminary financial statements  
for the year ended 31 December 2016**

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**Netccentric Limited**  
**Consolidated Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2016**

|   | Note | <u>Group</u><br><u>2016</u><br>\$ | <u>2015</u><br>\$  |
|---|------|-----------------------------------|--------------------|
| <b>Revenue</b>  | 2    | 12,589,226                        | 12,078,335         |
| Cost of sales   |      | <u>(4,585,835)</u>                | <u>(4,067,967)</u> |
| <b>Gross profit</b>   |      | 8,003,391                         | 8,010,368          |
| Interest income   |      | 157,007                           | 117,710            |
| Other gains   |      | 384,690                           | 495,942            |
| Finance costs   |      | (25,475)                          | (28,348)           |
| Administrative and operating expenses                                 |      | (5,605,564)                       | (3,936,151)        |
| Employee benefits expense   |      | (7,511,541)                       | (5,560,578)        |
| Other losses  |      | (924,794)                         | (438,716)          |
| Share of profit (loss) from equity-accounted associates               |      | <u>153,859</u>                    | <u>(4,742)</u>     |
| Loss before income tax  |      | (5,368,427)                       | (1,344,515)        |
| Income tax expense  |      | <u>(163,684)</u>                  | <u>(111,664)</u>   |
| Loss, net of tax  |      | <u>(5,532,111)</u>                | <u>(1,456,179)</u> |
| <b>Other comprehensive loss:</b>                                      |      |                                   |                    |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |      |                                   |                    |
| Exchange differences on translating foreign operations, net of tax    |      | <u>(63,896)</u>                   | <u>(430,138)</u>   |
| <b>Other comprehensive loss, net of tax</b>                           |      | <u>(63,896)</u>                   | <u>(430,138)</u>   |
| <b>Total comprehensive loss</b>                                       |      | <u>(5,596,007)</u>                | <u>(1,886,317)</u> |
| Loss for the year, net of tax attributable to:                        |      |                                   |                    |
| Owners of the parent  |      | (5,335,028)                       | (1,162,146)        |
| Non-controlling interests   |      | <u>(197,083)</u>                  | <u>(294,033)</u>   |
| <b>Loss, net of tax</b>   |      | <u>(5,532,111)</u>                | <u>(1,456,179)</u> |
| Total comprehensive loss for the year attributable to:                |      |                                   |                    |
| Owners of the parent  |      | (5,415,962)                       | (1,528,557)        |
| Non-controlling interests   |      | <u>(180,045)</u>                  | <u>(357,759)</u>   |
| <b>Total comprehensive loss</b>                                       |      | <u>(5,596,007)</u>                | <u>(1,886,316)</u> |
| Loss per share  |      | <u>Cents</u>                      | <u>Cents</u>       |
| Basic and diluted loss per share                                      | 4    | <u>(2.03)</u>                     | <u>(0.51)</u>      |

*The above consolidated 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 31 December 2016**

|  | Note | <u>Group</u><br><u>2016</u><br>\$ | <u>2015</u><br>\$ |
|--|------|-----------------------------------|-------------------|
| <b>ASSETS</b>                                      |      |                                   |                   |
| <b><u>Non-current assets</u></b>                   |      |                                   |                   |
| Plant and equipment                                |      | 331,354                           | 273,130           |
| Intangible assets                                  |      | 33,757                            | 697,879           |
| Investments in associates                          |      | 151,439                           | 61,409            |
| Deferred tax assets                                |      | 9,076                             | 6,720             |
| <b>Total non-current assets</b>                    |      | <u>525,626</u>                    | <u>1,039,138</u>  |
| <b><u>Current assets</u></b>                       |      |                                   |                   |
| Trade and other receivables                        |      | 3,362,411                         | 3,265,829         |
| Other assets                                       |      | 67,929                            | 106,762           |
| Cash and cash equivalents                          |      | 7,602,123                         | 12,901,717        |
| <b>Total current assets</b>                        |      | <u>11,032,463</u>                 | <u>16,274,308</u> |
| <b>Total assets</b>                                |      | <u>11,558,089</u>                 | <u>17,313,446</u> |
| <b>LIABILITIES</b>                                 |      |                                   |                   |
| <b><u>Non-current liabilities</u></b>              |      |                                   |                   |
| Other financial liabilities                        |      | 31,362                            | 30,573            |
| <b>Total non-current liabilities</b>               |      | <u>31,362</u>                     | <u>30,573</u>     |
| <b><u>Current liabilities</u></b>                  |      |                                   |                   |
| Income tax payable                                 |      | 50,472                            | 35,258            |
| Trade and other payables                           |      | 2,767,234                         | 3,410,856         |
| Other financial liabilities                        |      | 2,487                             | 5,008             |
| Other liabilities                                  |      | 371,514                           | 339,310           |
| <b>Total current liabilities</b>                   |      | <u>3,191,707</u>                  | <u>3,790,432</u>  |
| <b>Total liabilities</b>                           |      | <u>3,223,069</u>                  | <u>3,821,005</u>  |
| <b>NET ASSETS</b>                                  |      | <u>8,335,020</u>                  | <u>13,492,441</u> |
| <b><u>EQUITY</u></b>                               |      |                                   |                   |
| Share capital                                      | 3    | 13,797,086                        | 13,571,077        |
| (Accumulated losses) Retained earnings             |      | (5,073,803)                       | 261,225           |
| Other reserves                                     |      | (86,119)                          | -                 |
| Share option reserve                               |      | 228,000                           | 228,000           |
| Foreign currency translation reserves              |      | (280,741)                         | (199,807)         |
| <b>Equity attributable to owners of the parent</b> |      | <u>8,584,423</u>                  | <u>13,860,495</u> |
| Non-controlling interests                          |      | (249,403)                         | (368,054)         |
| <b>Total equity</b>                                |      | <u>8,335,020</u>                  | <u>13,492,441</u> |

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

**Netccentric Limited**  
**Consolidated Statement of changes in equity**  
**For the year ended 31 December 2016**

| <b>Group:</b>  | <b>Total equity</b> | <b>Attributable to parent Sub-total</b> | <b>Share capital</b> | <b>Retained earnings</b> | <b>Other reserves</b> | <b>Capital reserves</b> | <b>Share option reserves</b> | <b>Foreign currency translation reserves</b> | <b>Non-controlling interests</b> |
|--|---------------------|---|----------------------|--------------------------|-----------------------|-------------------------|------------------------------|--|----------------------------------|
|  | \$                  | \$                                      | \$                   | \$                       | \$                    | \$                      | \$                           | \$   | \$                               |
| <b>Current year:</b>   |                     |   |                      |                          |                       |                         |                              |  |                                  |
| Balance at 1 January 2016  | 13,492,441          | 13,860,495                              | 13,571,077           | 261,225                  | -                     | -                       | 228,000                      | (199,807)                                    | (368,054)                        |
| <b>Movements in equity:</b>  |                     |   |                      |                          |                       |                         |                              |  |                                  |
| Total comprehensive loss for the year  | (5,596,007)         | (5,415,962)                             | -                    | (5,335,028)              | -                     | -                       | -                            | (80,934)                                     | (180,045)                        |
| Increase in contribution by non-controlling interests  | 264,025             | -                                       | -                    | -                        | -                     | -                       | -                            | -  | 264,025                          |
| 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 <sup>1</sup> | 226,009             | 226,009                                 | 226,009              | -                        | -                     | -                       | -                            | -  | -                                |
| Dividend paid  | (51,448)            | -                                       | -                    | -                        | -                     | -                       | -                            | -  | (51,448)                         |
| <b>Balance at 31 December 2016</b>   | <b>8,335,020</b>    | <b>8,584,423</b>                        | <b>13,797,086</b>    | <b>(5,073,803)</b>       | <b>(86,119)</b>       | <b>-</b>                | <b>228,000</b>               | <b>(280,741)</b>                             | <b>(249,403)</b>                 |

<sup>1</sup>As a result of the purchase price allocation exercise, certain revisions were made to the provisional accounting of the acquisition. As such, consideration for the acquisition was revised from S\$1.1m to S\$1.3m. This is as a result of using the closing share price of Netccentric Limited on completion date.

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

**Netccentric Limited**  
**Statements of changes in equity**  
**For the year ended 31 December 2016**

| <b>Group:</b>  | <b>Total equity</b> | <b>Attributable to parent Sub-total</b> | <b>Share capital</b> | <b>Retained earnings</b> | <b>Other reserves</b> | <b>Capital reserves</b> | <b>Share option reserves</b> | <b>Foreign currency translation reserves</b> | <b>Non-controlling interests</b> |
|--|---------------------|---|----------------------|--------------------------|-----------------------|-------------------------|------------------------------|--|----------------------------------|
|  | \$                  | \$                                      | \$                   | \$                       | \$                    | \$                      | \$                           | \$   | \$                               |
| <b>Previous year:</b>  |                     |   |                      |                          |                       |                         |                              |  |                                  |
| Balance at 1 January 2015  | 2,278,742           | 2,214,951                               | 65,800               | 1,982,038                | -                     | 509                     | -                            | 166,604                                      | 63,791                           |
| <b>Movements in equity:</b>  |                     |   |                      |                          |                       |                         |                              |  |                                  |
| 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                      | -  | -                                |
| <b>Balance at 31 December 2015</b>                                   | <b>13,492,441</b>   | <b>13,860,495</b>                       | <b>13,571,077</b>    | <b>261,225</b>           | <b>-</b>              | <b>-</b>                | <b>228,000</b>               | <b>(199,807)</b>                             | <b>(368,054)</b>                 |

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

**Netccentric Limited**  
**Consolidated Statement of cash flows**  
**For the year ended 31 December 2016**

|   | <u>2016</u>      | <u>Group</u> | <u>2015</u>       |
|---|------------------|--------------|-------------------|
|   | \$               |              | \$                |
| <b><u>Cash flows from operating activities</u></b>                        |                  |              |                   |
| Loss before income tax  | (5,368,427)      |              | (1,344,515)       |
| Adjustments for:  |                  |              |                   |
| Impairment loss on goodwill   | 873,251          |              | -                 |
| Amortization of intangible asset  | 16,879           |              | -                 |
| Impairment on investment in associates                                    | -                |              | 68,074            |
| Depreciation of property, plant and equipment                             | 119,436          |              | 125,231           |
| Gain on disposal of property, plant and equipment                         | -                |              | (32,772)          |
| Fair value adjustment of associate before change in control               | -                |              | (192,122)         |
| Share of (profit) loss from associates                                    | (153,859)        |              | 4,742             |
| Issue of share options  | -                |              | 228,000           |
| Interest income   | (157,007)        |              | (117,710)         |
| Interest expense  | 25,475           |              | 28,348            |
| Operating cash flows before changes in working capital                    | (4,644,252)      |              | (1,232,724)       |
| Other assets  | 38,833           |              | 32,621            |
| Trade and other receivables   | (103,453)        |              | (98,446)          |
| Trade and other payables  | (449,965)        |              | (301,173)         |
| Other liabilities   | 30,472           |              | 175,118           |
| Net cash flows (used in) operations                                       | (5,128,365)      |              | (1,424,604)       |
| Interest paid   | (25,475)         |              | (28,348)          |
| Income tax paid   | (150,032)        |              | (135,759)         |
| Net cash (used in) operating activities                                   | (5,308,872)      |              | (1,588,711)       |
| <b><u>Cash flows from investing activities</u></b>                        |                  |              |                   |
| Acquisition of subsidiary, net of cash                                    | -                |              | 72,107            |
| Dividend from associate   | 60,773           |              | 56,830            |
| Interest received   | 157,007          |              | 117,710           |
| Purchase of property, plant and equipment                                 | (96,885)         |              | (66,317)          |
| Proceeds from disposal of property plant and equipment                    | -                |              | 51,556            |
| Increase in contribution by non-controlling interests                     | 264,025          |              | -                 |
| Net cash from investing activities  | 384,920          |              | 231,886           |
| <b><u>Cash flows from financing activities</u></b>                        |                  |              |                   |
| Share issue costs   | -                |              | (959,250)         |
| Dividend paid to non-controlling interest                                 | (51,448)         |              | -                 |
| Movements in amount due to director                                       | (193,657)        |              | 89,865            |
| Movements in amounts due from related parties                             | -                |              | (12,252)          |
| Movements in amounts due from associates                                  | 6,871            |              | 98,771            |
| Proceeds from issue of ordinary shares                                    | -                |              | 12,921,265        |
| Net cash (used in) from financing activities                              | (238,234)        |              | 12,138,399        |
| <b>Net (decrease) increase in cash and cash equivalents</b>               | (5,157,186)      |              | 10,781,574        |
| Cash and cash equivalents at the beginning of reporting year              | 12,901,717       |              | 2,235,948         |
| Effects of currency translation on cash and cash equivalent               | (142,408)        |              | (115,805)         |
| <b>Cash and cash equivalents, statement of cash flows, ending balance</b> | <u>7,602,123</u> |              | <u>12,901,717</u> |

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



**Note 1. Significant accounting policies**

**Statement of Compliance**

The Appendix 4E preliminary financial statements ("financial statements") for the year ended 31 December 2016 have been prepared in accordance with ASX listing rules and the recognition and measurement criteria of the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council.

**Basis of preparation**

The financial statements have been prepared on applicable going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values). The accounting policies and methods of computation adopted in the preparation of the preliminary financial statements are consistent with those adopted and disclosed in the consolidated entity's half yearly financial statements as at 30 June 2016.

The financial statements are presented in Singapore dollars.

**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 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 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.

**Netccentric Limited**  
**Notes to the financial statements**  
**31 December 2016**

**Note 2. Segment Reporting (cont'd)**

**Business Units**

|                          | <b><u>2016</u></b>       | <b><u>2015</u></b>       |
|--------------------------|--------------------------|--------------------------|
|                          | <b>\$</b>                | <b>\$</b>                |
| Influencer Platform      | 9,291,032                | 8,948,885                |
| Display Ad Network       | 149,677                  | 755,111                  |
| Digital Asset Production | 1,161,515                | 1,396,919                |
| Social Media Agency      | 1,904,998                | 970,012                  |
| Others                   | 82,004                   | 7,408                    |
| <b>Total</b>             | <b><u>12,589,226</u></b> | <b><u>12,078,335</u></b> |

**Country**

|                |                          |                          |
|----------------|--------------------------|--------------------------|
| Singapore      | 4,723,483                | 4,071,286                |
| Malaysia       | 4,963,364                | 4,467,750                |
| Australia      | 1,185,412                | 1,381,992                |
| Thailand       | 1,149,852                | 1,480,544                |
| China          | 298,258                  | 542,653                  |
| United Kingdom | 103,122                  | 134,110                  |
| Taiwan         | 165,735                  | -                        |
| <b>Total</b>   | <b><u>12,589,226</u></b> | <b><u>12,078,335</u></b> |

**Note 3. Share Capital**

| <u>Group and company</u>  | <u>Number of shares issued</u> | <u>Share capital</u>     |
|---|--------------------------------|--------------------------|
|   |                                | <u>\$</u>                |
| <u>Ordinary shares:</u>   |                                |                          |
| Balance at 1 January 2016   | 262,500,000                    | 13,571,077               |
| Adjustment to purchase consideration on acquisition of remaining interest in an associate | -                              | 226,009                  |
| <b>Balance at 31 December 2016</b>  | <b><u>262,500,000</u></b>      | <b><u>13,797,086</u></b> |

**Note 4. (Loss) per share**

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

|   | <u>2016</u>        | <u>2015</u>        |
|---|--------------------|--------------------|
|   | <u>\$</u>          | <u>\$</u>          |
| <b>A. Numerator: (loss) attributable to equity:</b>                 |                    |                    |
| Continuing operations:  |                    |                    |
| Total basic and diluted (loss) attributable to owners of the parent | <u>(5,335,028)</u> | <u>(1,162,146)</u> |
| <b>B. Denominator: weighted average number of equity shares</b>     |                    |                    |
| Basic and diluted   | <u>262,500,000</u> | <u>228,723,323</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 5. Events after the reporting year**

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the financial position of the group except as follows:

Resignation of Chief Executive Officer

On 27 January 2017, Cheo Ming Shen has resigned from his position as the Chief Executive Officer of Netccentric Limited.

Sale of shares in Exteen Co. Ltd

On 6 January 2017, Netccentric Limited sold its entire interest in Exteen Co. Ltd to Mr Pruet Narathatsajan at S\$57,194.

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