

CEO REPORT

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 was to optimize (including the right-sizing of operations) 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 SGD12 million despite cutting the Group's losses by 48% in 2017.

Note that the total loss on disposal (for the subsidiaries mentioned in item 3 below) contributed SGD451k to the SGD3.06m net loss in 2017.

	2016	2017	Variance
Group Revenue	SGD 10.99m*	SGD 11.74m	7% increase
Group Loss after Tax	- SGD 5.88m	- SGD 3.06m	48% decrease

* not accounting for revenue from the profit-neutral barter deal with FlexiRoam in 2016

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

1. 56% YoY Reduction of Operational Expenses with Savings of SGD3.13m

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

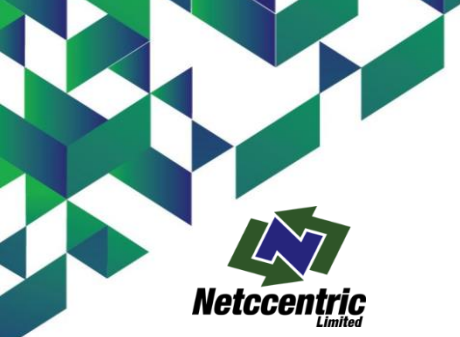
2. 32% YoY Reduction of Employee Benefits with Savings of SGD2.45m

This optimization was carried out through-the-line from top to bottom, including the board of directors and C-Suite (Chief Executive Officer, Chief Operating Officer, Chief Technology Officer and Regional Finance Director) as well. Some highlights include reduction of Key Management Personnel remuneration and a mandate to stop business class travel and luxury hotel accommodation, amongst others. The Directors have also voluntarily taken a reduction in fees even though the approved Directors' fees at the Annual General Meeting held on 31 May 2017 was SGD164k.

Top Level Optimizations	2016	2017	Variance
Directors' Fees	SGD 164k	SGD 114k	30% decrease
Key Management Personnel	SGD 1.02m	SGD 547k	46% decrease
Travel Expenses – Chief Executive Officer	SGD 120k	SGD10k	92% decrease
Travel Expenses – Chief Operating Officer	SGD 11k	SGD6k	45% decrease
Travel Expenses – Chief Technology Officer	SGD 2k	-	100% decrease
Travel Expenses – Regional Finance Director	SGD 6k	SGD 2k	10% decrease

3. Disposal of Interests in Unprofitable Entities with Total Loss of SGD 1.5mil in 2016

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 United Kingdom market.



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Note that these disposed and ceased entities generated SGD2.7m in revenue in 2017. As such, it is realistic to expect a slight dip in 2018's group revenue. However, we expect that the losses will decrease proportionately.

4. Investments in Complementary and Profitable Businesses

Investments in performance marketing and social media marketing outfits Plata and Punta, and Dejitaru helped us generate SGD247k in new revenue. Both were operationally profitable.

These achievements are consistent with our long-term goal of becoming a viable and formidable digital marketing company, with 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.

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