



Netccentric Limited (200612086W)

Listed on the ASX

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www.netccentric.com

Dear Shareholders,

Although the Group continued its downtrend with another year of an after-tax loss of S\$1.0 million in FY2018, the losses have significantly reduced by 66% from FY2017 where its after-tax loss was S\$3.0 million. This was attributed not only by further disposals of unprofitable business units, but it was fueled by growth in the profitable ones. Furthermore, a one-off loss on disposal of our United Kingdom entity of S\$0.1 million as well as legal fees of approximately S\$0.3 million (where some of it will be recovered by insurance in due course) accounted for part of the losses in FY2018.

The Group revenue which decreased by 25% from S\$11.7 million in FY2017 to S\$8.8 million in FY2018 includes revenue from entities which have been disposed in FY2017. If entities which have been disposed were excluded, the Group would have a 2% decrease in revenue. To have a better view, please refer to the table below.

Revenue	FY2018	FY2017	Growth/Decline
Including disposed entities	S\$8.8 million	S\$11.7 million	-25%
Excluding disposed entities	S\$8.8 million	S\$9.0 million	-2%

The major decrease in revenue came from our Singapore entity (under the Influencer Platform and Display Ad Network business unit) where its revenue fell by almost 50% from S\$1.8 million in FY2017 to S\$0.9 million in FY2018. Such a significant decrease stems from a reduction in headcount from 17 employees in FY2017 to just 5 employees in FY2018. However, this is in line with one of our strategies to optimize our operations which resulted in a slight operational profit of S\$0.02 million as compared to a loss of S\$0.2 million in FY2017 for our Singapore entity.

Notable high-growth performances in FY2018 include, but not limited to, our performance marketing and social media marketing arms, Plata & Punta and Dejitaru, which grew 240% in revenue and contributed S\$0.2 million in profits to the Group. Plata & Punta is the second most profitable business entity in the Group and has since built synergies with other entities to improve our product offerings.

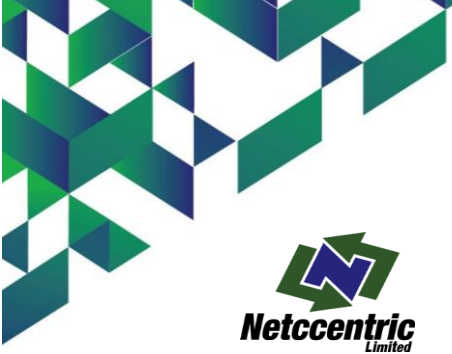
It is further noted that our average spend per client in FY2018 has improved by 35%. This was achieved by increasing our value proposition to clients as well as delivering superior services above that of our competitors.

Moving Forward

We expect our industry to remain challenging and increasingly competitive as the barriers to entry are low. As such, in addition to continue seeking organic growth as well as building relationships with strategic partners who have a large network of clientele, we will be diversifying and innovating our product offerings to stay competitive and ahead of the curve in order to adapt to a rapidly changing market.

In line with this, our aim in FY2019 is to also focus less on low-margin products and instead focus primarily on high-margin ones, and at the same time keeping a tight watch on costs, so as to bring the Group to profitability as soon as we can.

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In closing and on behalf of the Board of Directors, I would like to take this opportunity to thank all our shareholders for their continued support even as we go through the difficult times.

Onward and upward.

A handwritten signature in black ink, reading 'Angeline', written in a cursive style.

Angeline Chiam
Interim CEO/Regional Finance Director

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