

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 2020
Previous reporting period:	For the half-year ended 30 June 2019

2. Results for announcement to the market

			S\$
Revenue from ordinary activities	down	5% to	3,265,485
Profit from ordinary activities after tax attributable to the owners of Netccentric Limited	up	100% to	127
Profit for the half-year attributable to the owners of Netccentric Limited	up	100% to	127

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 \$4,161 (30 June 2019: loss, net of tax of \$326,613).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets ("NTA") per ordinary share	1.61	1.61

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			N/A	(14,389)

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N.M. – Not material to the group.

As of the date of this report, Nuffnang Philippines Inc. is still in the process of strike off.

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

Nil

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 2020 are attached.

9. Signed



Angeline Chiam Hui Ling
Interim Chief Executive Officer

Date: 28 August 2020

NETCENTRIC LIMITED

(Incorporated in Singapore. Registration Number: 200612086W)

and its subsidiaries

ARBN 605927464

Interim Financial Statements

for the six months ended 30 June 2020

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Netccentric Limited
Directors' Report
30 June 2020

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 2020.

Directors

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

David Chiam Joy Yeow
Joanne Khoo Su Nee
Ong Eng Gin (Resigned on 9 July 2020)
Ganesh Kumar Bangah (Appointed on 9 July 2020)

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 2020 was \$3.27 million (H1 2019: \$3.43 million). The decrease was partly due to the disposal of our Thailand entity in April 2019 and our Indonesia entity in September 2019 which collectively contributed \$0.34 million to H1 2019's revenue. Excluding these disposed entities, the Group would record a 6% growth in revenue.

Despite the Covid-19 pandemic which affected most businesses, the Group managed to achieve a slight profit before income tax of \$7K in H1 2020 as opposed to a loss of \$0.32 million in H1 2019. Besides our focus on operational efficiencies as evident by the reduction of administrative and employee benefits expenses as well as an improvement in operating cash outflows amounting to \$0.03 million, we have focused on increasing our margins (H1 2020: 51%; H1 2019: 48%) by continuously creating more value for our stakeholders through product development and innovation.

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.

Netccentric Limited
Directors' report
30 June 2020

On behalf of the Board of Directors



Joanne Khoo Su Nee
Director

28 August 2020



David Chiam Joy Yeow
Director

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Netccentric Limited

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30 June 2020

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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

600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Principal place of business

600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

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 28 August 2020.

Netccentric Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2020

	Note	<u>Group</u>	
		<u>30 Jun 2020</u>	<u>30 Jun 2019</u>
		\$	\$
Revenue	3	3,265,485	3,432,604
Cost of sales		<u>(1,606,246)</u>	<u>(1,779,292)</u>
Gross profit		1,659,239	1,653,312
Interest income		2,187	9,657
Other gains	4	129,537	88,726
Administrative and operating expenses	5	(380,560)	(464,891)
Employee benefits expense		(1,387,792)	(1,469,960)
Other losses	4	(11,497)	(90,711)
Finance costs		(4,020)	(27,680)
Share of loss from equity-accounted associate		–	(14,389)
Profit/(loss) before income tax		7,094	(315,936)
Income tax expense		<u>(11,255)</u>	<u>(10,677)</u>
Loss, net of tax		<u>(4,161)</u>	<u>(326,613)</u>
Other comprehensive (loss) profit:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax		<u>(1,400)</u>	11,530
Other comprehensive (loss) profit, net of tax		<u>(1,400)</u>	11,530
Total comprehensive loss		<u>(5,561)</u>	<u>(315,083)</u>
Profit/(loss) for the period attributable to:			
Owners of the parent		127	(393,349)
Non-controlling interests		<u>(4,288)</u>	<u>66,736</u>
Loss, net of tax		<u>(4,161)</u>	<u>(326,613)</u>
Total comprehensive loss for the period attributable to:			
Owners of the parent		(1,273)	(381,606)
Non-controlling interests		<u>(4,288)</u>	<u>66,523</u>
Total comprehensive loss		<u>(5,561)</u>	<u>(315,083)</u>
Profit(loss) per share		<u>Cents</u>	<u>Cents</u>
Basic and diluted	9	<u>0.00</u>	<u>(0.15)</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 2020

	Note	Group	30 Jun 2020	31 Dec 2019
			\$	\$
ASSETS				
Non-current assets				
Plant and equipment			365,015	446,806
Investments in associates			154,591	154,591
Intangible asset			74,974	74,974
Deferred tax assets			–	691
Total non-current assets			<u>594,580</u>	<u>677,062</u>
Current assets				
Trade and other receivables			1,815,974	1,871,005
Other assets			91,125	128,848
Cash and cash equivalents	6		<u>3,024,487</u>	<u>3,135,870</u>
Total current assets			<u>4,931,586</u>	<u>5,135,723</u>
Total assets			<u>5,526,166</u>	<u>5,812,785</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	7		13,797,086	13,797,086
Accumulated losses			(9,936,431)	(9,936,696)
Share option reserve			228,000	228,000
Foreign currency translation reserves			(394,003)	(392,465)
Equity attributable to owners of the parent			<u>3,694,652</u>	<u>3,695,925</u>
Non-controlling interests			<u>602,326</u>	<u>606,614</u>
Total equity			<u>4,296,978</u>	<u>4,302,539</u>
Non current liabilities				
Deferred tax liabilities			6,673	7,433
Lease liabilities			70,078	115,555
Total non-current liabilities			<u>76,751</u>	<u>122,988</u>
Current liabilities				
Income tax payable			5,443	17,345
Trade and other payables			1,030,864	1,228,687
Lease liabilities			100,030	115,530
Other liabilities			16,100	25,696
Total current liabilities			<u>1,152,437</u>	<u>1,387,258</u>
Total liabilities			<u>1,229,188</u>	<u>1,510,246</u>
Total equity and liabilities			<u>5,526,166</u>	<u>5,812,785</u>

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 2020

	<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 2020	4,302,539	3,695,925	13,797,086	(9,936,696)	228,000	(392,465)	606,614
Movements in equity:							
Total comprehensive (loss) income for the period	(5,561)	(1,273)	–	265	–	(1,538)	(4,288)
Balance at 30 June 2020	<u>4,296,978</u>	<u>3,694,652</u>	<u>13,797,086</u>	<u>(9,936,431)</u>	<u>228,000</u>	<u>(394,003)</u>	<u>602,326</u>
Previous 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 year	(221,002)	(306,079)	–	(319,880)	–	13,801	85,077
Disposal of subsidiaries with change in control	(182,752)	11,626	–	–	–	11,626	(194,378)
Dividends paid to non-controlling interests	(23,768)	–	–	–	–	–	(23,768)
Balance at 31 December 2019	<u>4,302,539</u>	<u>3,695,925</u>	<u>13,797,086</u>	<u>(9,936,696)</u>	<u>228,000</u>	<u>(392,465)</u>	<u>606,614</u>

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

Netcentric Limited
Consolidated Statement of Cash Flows
For the half-year ended 30 June 2020

	Group	
	30 Jun 2020	30 Jun 2019
	\$	\$
<u>Cash flows from operating activities</u>		
Profit/(loss) before income tax	7,094	(315,936)
Adjustments for:		
Share of loss from equity-accounted associates	–	14,389
Interest income	(2,187)	(9,657)
Finance costs	4,020	27,680
Depreciation of right-of-use assets	58,390	–
Depreciation of plant and equipment	39,747	97,329
Loss on disposal of subsidiary	–	61,013
Gain on disposal of plant and equipment	(451)	(82)
Net effect of exchange rate changes in consolidating foreign operations	(1,400)	11,532
Operating cash flows before changes in working capital	<u>105,213</u>	<u>(113,732)</u>
Trade and other receivables	55,398	479,504
Other assets	37,723	17,315
Trade and other payables	(197,823)	(845,775)
Other liabilities	<u>(9,596)</u>	<u>32,330</u>
Net cash flows used in operations	<u>(9,085)</u>	<u>(430,358)</u>
Income taxes paid	<u>(23,593)</u>	<u>(103,798)</u>
Net cash used in operating activities	<u>(32,678)</u>	<u>(534,156)</u>
<u>Cash flows from investing activities</u>		
Dividend from associate	–	16,578
Disposal of subsidiaries	–	468,473
Purchase of plant and equipment	(15,895)	(121,842)
Interest received	2,187	9,657
Net cash (used in) from investing activities	<u>(13,708)</u>	<u>372,866</u>
<u>Cash flows from financing activities</u>		
Dividends paid to non-controlling interests	–	(47,680)
Finance costs	(4,020)	(27,680)
Lease liabilities – principal portion paid	<u>(60,977)</u>	<u>(94,049)</u>
Net cash used in financing activities	<u>(64,997)</u>	<u>(169,409)</u>
Net decrease in cash and cash equivalents	(111,383)	(330,699)
Cash and cash equivalents at the beginning of reporting period	<u>3,135,870</u>	<u>3,747,554</u>
Cash and cash equivalents, at the end of reporting period (Note 6)	<u>3,024,487</u>	<u>3,416,855</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 2020 have been prepared in accordance with Singapore Financial Reporting Standard (“FRS”) 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 2019. 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>FRS No.</u>	<u>Title</u>
FRS 103	Definition of a Business – Amendments
FRS 1 and 8	Definition of Material – Amendments to The Conceptual Framework for Financial Reporting
FRS 110 and FRS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture
FRS 116	Amendment to FRS 116: COVID-19 Related Rent Concessions

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>30 Jun 2020</u>	<u>Group</u> <u>30 Jun 2019</u>
	\$	\$
Influencer Platform	1,980,595	2,179,111
Display Ad Network	3,779	2,804
Digital Asset Production	109,553	161,783
Social Media Agency	792,856	724,107
Performance Marketing Agency	378,702	356,168
Others	-	8,631
Total	<u>3,265,485</u>	<u>3,432,604</u>

Netccentric Limited
Notes to the Financial Statements
30 June 2020

Note 2. Segment Reporting (cont'd)

Country

	Group	
	30 Jun 2020	30 Jun 2019
	\$	\$
Indonesia	–	102,608
Malaysia	2,698,237	2,290,567
Singapore	85,750	341,743
Taiwan	481,498	459,221
Thailand	–	238,465
Total	3,265,485	3,432,604

Note 3. Revenue

	Group	
	30 Jun 2020	30 Jun 2019
	\$	\$
Rendering of services	3,265,485	3,432,604

Note 4. Other gains and (other losses)

	Group	
	30 Jun 2020	30 Jun 2019
	\$	\$
Allowance for impairment on trade receivables – reversal	(11,497)	74,743
Foreign exchange adjustment gain / (loss)	16,501	(29,698)
Government grants	67,086	9,203
Gain on disposal of plant and equipment	451	82
Loss on disposal of subsidiary	–	(61,013)
Rental income	–	1,285
Other income	45,499	3,413
Net	118,040	(1,985)
Presented in profit or loss as:		
Other gains	129,537	88,726
Other losses	(11,497)	(90,711)
	118,040	(1,985)

Note 5. Administrative and operating expenses

The major components include the following:

	Group	
	30 Jun 2020	30 Jun 2019
	\$	\$
Advertising expenses	24,494	11,677
Depreciation expense	98,137	97,329
Operating lease expense	6,636	34,488
Professional fees	57,258	79,668
Travelling expenses	3,378	9,617

Netccentric Limited
Notes to the Financial Statements
30 June 2020

Note 6. Cash and cash equivalents

	<u>30 Jun 2020</u>	<u>Group</u> <u>31 Dec 2019</u>
	\$	\$
Not restricted in use	3,024,487	3,135,870
Cash at end of the half year	<u>3,024,487</u>	<u>3,135,870</u>

The interest earning balances are not significant.

Reconciliation of liabilities arising from financing activities:

The group does not have any external borrowings except for finance leases that are not significant.

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 2019, 31 December 2019 and 30 June 2020	<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 2020 (2019: \$Nil).

Note 9. Profit/(loss) per share

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

	<u>30 Jun 2020</u>	<u>Group</u> <u>30 Jun 2019</u>
	\$	\$
A. Numerator: profit/(loss) attributable to equity:		
Continuing operations:		
Total basic and diluted profit/(loss) attributable to owners of the parent	<u>127</u>	<u>(393,349)</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 profit/(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 reporting period

Subsequent to the end of the reporting period on 23 July 2020, the company entered into a joint-venture agreement (“Agreement”) with Commerce DotAsia Ventures Sdn. Bhd. (“Commerce.Asia”) and Docono Holdings Sdn. Bhd. (“Docono”) to operate a live streaming e-commerce business platform. Under the Agreement, a new company called Nuffnang Live Commerce Sdn. Bhd. (“Nuffnang Live Commerce”) will be established. The shareholding structure of Nuffnang Live Commerce will comprise of the company owning a 40% equity interest, with Commerce.Asia and Docono each having 30% equity interest.

The company and Commerce.Asia will collectively invest MYR 350,000 to form Nuffnang Live Commerce at an issue price of MYR 1.00 per share. Following that development, Nuffnang Live Commerce will then acquire the intellectual property of the Bid Go Live! (“BGL”) platform developed by Docono for MYR 150,000, which will be satisfied by way of issuance of 150,000 shares issued at MYR 1.00 per share.

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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 2020 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

28 August 2020



David Chiam Joy Yeow
Director



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

RSM Chio Lim LLP

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Wilkie Edge, Singapore 228095

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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 2020, 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 12.

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 2020, 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

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

28 August 2020

Partner in charge: Paul Lee Seng Meng