

Netccentric Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Netccentric Limited
ABN:	605927464
Reporting period:	For the year ended 31 December 2019 (unaudited)
Previous period:	For the year ended 31 December 2018

2. Results for announcement to the market

					S\$
Revenues from ordinary activities	down	17%	to		7,274,194
Loss from ordinary activities, net of tax attributable to the owners of Netccentric Limited	down	77%	to		(314,608)
Loss for the year attributable to the owners of Netccentric Limited	down	77%	to		(314,608)

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 2019 ("FY2019") was \$7.3 million (31 December 2018 ("FY2018"): \$8.8 million). The decrease in revenue of 17% was primarily due to the disposal of some of our entities, namely Thailand and Indonesia, where they contributed only \$0.4 million of revenue in FY2019 as compared to \$1.4 million in FY2018. If these entities were excluded, the Group will show a 7% decrease in revenue. The drop is mainly contributed by our Singapore and Taiwan entities (FY2019: \$1.8 million; FY2018: \$2.5 million) as a result of increasing competition and a challenging environment in those markets.

Besides cost-cutting measures as evident by the reduction in administrative and employee benefits expenses, our margins have improved from 46% in FY2018 to 48% in FY2019 due to long-term strategies we have in place.

The Group's pre-tax loss totalled \$0.1 million (FY2018: \$0.9 million), a significant reduction where the losses only occurred in H1 2019. The reduction in losses was primarily driven by further disposals of unprofitable business units and at the same time, driven by growth in the profitable ones. The loss was also partly due to a non-recurring loss on disposal of our Thailand, Indonesia and one of our Singapore entities of \$0.05 million which accounted for approximately 39% of the Group's pre-tax loss.

3. Net tangible assets

	Reporting year Cents	Previous year Cents
Net tangible assets per ordinary security	<u>1.61</u>	<u>1.77</u>

4. Dividends

Current period

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

Netccentric Limited
Appendix 4E
Preliminary final report

Previous period

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

5. Details of associate

Name of associate	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting year %	Previous year %	Reporting year S\$	Previous year S\$
Nuffnang Philippines Inc	40.00%	40.00%	N.M.	N.M.
N.M. – Not material to the group.				

6. Loss of control over entity

Name of entity	Date of control lost	
Nuffnang (Thailand) Co.,Ltd	01 April 2019	
Reality TV. Private Limited	04 June 2019	
FTW Tech Pte Ltd	04 September 2019	
PT Nuffnang Indonesia Internasional	09 September 2019	
Sashimi SG Pte Ltd	04 September 2019	
Nom Nom Media Private Limited	04 November 2019	
		S\$'000
Contribution of such entity to the reporting entity's profit from ordinary activities before income tax during the period		60
Loss from ordinary activities before income tax of the controlled entity whilst controlled during the whole of the previous period		(97)

7. Status of audit

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

Netccentric Limited
Appendix 4E
Preliminary final report

Yours faithfully



Angeline Chiam
Interim Chief Executive Officer

Date: 28 February 2020

For personal use

Netccentric Limited

(Incorporated in Singapore. Registration Number: 200612086W)

and its subsidiaries

ARBN 605927464

Preliminary financial statements for the year ended 31 December 2019

For personal use only

Netccentric Limited
Consolidated Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

	Note	<u>2019</u> \$	<u>Group</u> <u>2018</u> \$
Revenue	2	7,274,194	8,791,884
Cost of sales		<u>(3,779,225)</u>	<u>(4,735,752)</u>
Gross profit		3,494,969	4,056,132
Interest income		14,970	53,189
Other gains		98,350	210,404
Finance costs		(11,467)	(14,177)
Administrative and operating expenses		(864,478)	(1,328,800)
Employee benefits expense		(2,882,539)	(3,594,895)
Other losses		(72,516)	(267,337)
Share of profit / (loss) from equity-accounted associates		87,708	(42,168)
Loss before income tax		<u>(135,003)</u>	<u>(927,652)</u>
Income tax expense		(89,042)	(122,588)
Loss, net of tax		<u>(224,045)</u>	<u>(1,050,240)</u>
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		13,589	(65,688)
Other comprehensive income / (loss), net of tax		<u>13,589</u>	<u>(65,688)</u>
Total comprehensive loss		<u>(210,456)</u>	<u>(1,115,928)</u>
Loss for the year, net of tax attributable to:			
Owners of the parent		(314,608)	(1,340,604)
Non-controlling interests		90,563	290,364
Loss, net of tax		<u>(224,045)</u>	<u>(1,050,240)</u>
Total comprehensive loss for the year attributable to:			
Owners of the parent		(300,873)	(1,406,290)
Non-controlling interests		90,417	290,362
Total comprehensive loss		<u>(210,456)</u>	<u>(1,115,928)</u>
Loss per share		<u>Cents</u>	<u>Cents</u>
Basic and diluted loss per share	4	<u>(0.12)</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 2019

	Note	<u>Group</u> <u>2019</u> \$	<u>2018</u> \$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment		446,806	247,185
Intangible assets		74,974	74,974
Investments in associates		154,591	83,461
Deferred tax assets		691	-
Total non-current assets		<u>677,062</u>	<u>405,620</u>
<u>Current assets</u>			
Trade and other receivables		1,876,607	2,469,912
Other assets		105,858	164,746
Cash and cash equivalents		3,136,456	3,747,554
Total current assets		<u>5,118,921</u>	<u>6,382,212</u>
Total assets		<u>5,795,983</u>	<u>6,787,832</u>
LIABILITIES			
<u>Non-current liabilities</u>			
Deferred tax liabilities		7,433	503
Financial liabilities – lease liabilities		142,293	32,730
Total non-current liabilities		<u>149,726</u>	<u>33,233</u>
<u>Current liabilities</u>			
Income tax payable		25,479	32,791
Trade and other payables		1,218,901	1,908,310
Financial liabilities – lease liabilities		88,792	14,002
Other liabilities		-	69,435
Total current liabilities		<u>1,333,172</u>	<u>2,024,538</u>
Total liabilities		<u>1,482,898</u>	<u>2,057,771</u>
NET ASSETS		<u>4,313,085</u>	<u>4,730,061</u>
EQUITY			
Share capital	3	13,797,086	13,797,086
Accumulated losses		(9,931,424)	(9,616,816)
Share option reserve		228,000	228,000
Foreign currency translation reserves		(392,531)	(417,892)
Equity attributable to owners of the parent		<u>3,701,131</u>	<u>3,990,378</u>
Non-controlling interests		611,954	739,683
Total equity		<u>4,313,085</u>	<u>4,730,061</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 2019

<u>Group:</u>	<u>Total equity</u> \$	<u>Attributable to parent Sub-total</u> \$	<u>Share capital</u> \$	<u>Retained earnings</u> \$	<u>Share option reserves</u> \$	<u>Foreign currency translation reserves</u> \$	<u>Non-controlling interests</u> \$
Current year:							
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 for the year	(210,456)	(300,873)	-	(314,608)	-	13,735	90,417
Disposal of subsidiaries with change in control	(182,752)	11,626	-	-	-	11,626	(194,378)
Dividend paid to non-controlling interests	(23,768)	-	-	-	-	-	(23,768)
Balance at 31 December 2019	4,313,085	3,701,131	13,797,086	(9,931,424)	228,000	(392,531)	611,954

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 2019

<u>Group:</u>	<u>Total equity</u> \$	<u>Attributable to parent Sub-total</u> \$	<u>Share capital</u> \$	<u>Retained earnings</u> \$	<u>Share option reserves</u> \$	<u>Foreign currency translation reserves</u> \$	<u>Non-controlling interests</u> \$
Previous year:							
Balance at 1 January 2018	5,612,947	5,286,760	13,797,086	(8,394,418)	228,000	(343,908)	326,187
Movements in equity:							
Total comprehensive loss for the year	(1,115,928)	(1,406,290)	-	(1,340,604)	-	(65,686)	290,362
Disposal of subsidiaries with change in control	135,104	-	-	-	-	-	135,104
Acquisition of a non-controlling interest without a change of control	297,131	109,908	-	118,206	-	(8,298)	187,223
Dividend paid to non-controlling interests	(199,193)	-	-	-	-	-	(199,193)
Balance at 31 December 2018	<u>4,730,061</u>	<u>3,990,378</u>	<u>13,797,086</u>	<u>(9,616,816)</u>	<u>228,000</u>	<u>(417,892)</u>	<u>739,683</u>

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

Netccentric Limited
Notes to the financial statements
31 December 2019

	Group	
	2019	2018
	\$	\$
<u>Cash flows from operating activities</u>		
Loss before income tax	(135,003)	(927,652)
Adjustments for:		
Depreciation of plant and equipment	212,248	121,996
(Gain) Loss on disposal of plant and equipment	(82)	-
Written off of plant and equipment	-	17,561
Loss on disposal and strike off of subsidiaries	52,534	135,104
Share of (profit) / loss from associates	(87,708)	42,168
Interest income	(14,970)	(53,189)
Interest expense	11,467	14,177
Operating cash flows before changes in working capital	38,486	(649,835)
Other assets	46,617	(35,963)
Trade and other receivables	276,856	255,852
Trade and other payables	(353,052)	(285,474)
Other liabilities	(69,435)	9,812
Net cash flows used in operations	(60,528)	(705,608)
Income tax paid	(90,115)	(349,400)
Net cash used in operating activities	<u>(150,643)</u>	<u>(1,055,008)</u>
<u>Cash flows from investing activities</u>		
Dividend from associate	16,578	32,362
Interest received	14,970	53,189
Purchase of property, plant and equipment	(128,087)	(76,263)
Disposals of subsidiaries	(232,447)	-
Net cash from investing activities	<u>(328,986)</u>	<u>9,288</u>
<u>Cash flows from financing activities</u>		
Dividend paid to non-controlling interests	(23,768)	(199,193)
Repayment of other financial liabilities	(122,556)	(13,153)
Interest paid	(11,467)	(14,177)
Movements in amounts due to director	-	(42,734)
Movements in amounts due to shareholder	-	(254,421)
Movements in amounts due from related parties	-	160,831
Net cash used in financing activities	<u>(157,791)</u>	<u>(362,847)</u>
<u>Net decrease in cash and cash equivalents</u>		
Cash and cash equivalents at the beginning of reporting year	3,747,554	5,218,143
Effects of currency translation on cash and cash equivalent	26,322	(62,022)
Cash and cash equivalents, statement of cash flows, ending balance	<u>3,136,456</u>	<u>3,747,554</u>

Note 1. Significant accounting policies

Statement of Compliance

The Appendix 4E preliminary financial statements (“financial statements”) for the year ended 31 December 2019 have been prepared in accordance with ASX listing rules and the recognition and measurement criteria of the Singapore Financial Reporting Standards (“SFRS”) and the related Interpretations to SFRS (“INT SFRS”) 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 2019.

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) 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.

Netccentric Limited
Notes to the financial statements
31 December 2019

Note 2. Segment Reporting (cont'd)

Business Units

	<u>2019</u>	<u>2018</u>
	\$	\$
Influencer Platform	4,666,782	5,399,210
Display Ad Network	2,799	19,707
Digital Asset Production	286,476	407,680
Social Media Agency	1,371,884	2,036,655
Performance Marketing Agency	928,753	749,076
Others	17,500	179,556
Total	<u>7,274,194</u>	<u>8,791,884</u>

Country

Malaysia	5,078,102	4,914,513
Taiwan	1,044,530	1,462,547
Singapore	799,046	1,054,088
Thailand	238,465	933,868
Indonesia	114,051	426,868
Total	<u>7,274,194</u>	<u>8,791,884</u>

Note 3. Share Capital

<u>Group and company</u>	<u>Number of shares issued</u>	<u>Share capital</u>
		\$
Ordinary shares:		
Balance at 1 January 2019 and 31 December 2019	<u>262,500,000</u>	<u>13,797,086</u>

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>2019</u>	<u>2018</u>
	\$	\$
A. Numerator: loss attributable to equity:		
Continuing operations:		
Total basic and diluted loss attributable to owners of the parent	<u>(314,608)</u>	<u>(1,340,604)</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 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.