

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 2020 (unaudited)
Previous period:	For the year ended 31 December 2019

2. Results for announcement to the market

				S\$
Revenues from ordinary activities	up	9%	to	7,941,880
Profit from ordinary activities, net of tax attributable to the owners of Netccentric Limited	up	101%	to	1,803
Profit for the year attributable to the owners of Netccentric Limited	up	101%	to	1,803

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 2020 ("FY2020") was \$7.9 million (31 December 2019 ("FY2019"): \$7.3 million). Excluding disposed entities in FY2019, namely Nuffnang (Thailand) Co, Ltd and PT Nuffnang Indonesia Internasional, which contributed \$0.4 million in FY2019, the Group's revenue increased by 15%. This has been driven by our core influencer marketing business in Malaysia which increased by 21% from FY2019 and contributed 43% of our Group's revenue for FY2020.

Although FY2020 was a challenging year for most industries due to COVID-19, the Group managed to generate a profit before tax of \$0.1 million in FY2020 despite being in a loss-making position for the past few years. Furthermore, we also managed to maintain our margins at 48%. This is attributable to long-term strategies and the relationships with key partners that we have in place. Our strategy of diversifying and innovating our product offerings while ensuring that our existing businesses continue to be sustainable and profitable by focusing on optimizing our operations has also proven fruitful.

3. Net tangible assets

	Reporting year Cents	Previous year Cents
Net tangible assets per ordinary security	<u>1.65</u>	<u>1.61</u>

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.

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. Control gained over entity

Name of entity	Date of control gained
Nuffnang Live Commerce Sdn Bhd	27 November 2020

On 24 July 2020, the reporting entity acquired a 40% shareholding in the abovementioned entity by way of a joint venture agreement with two other parties. This was announced on the ASX on 24 July 2020.

Subsequently, on 27 November 2020, the reporting entity acquired control through a further 17.14% shareholding of the above-mentioned entity by way of an agreement to purchase a part of the shares held by one of the other shareholders, bringing the reporting entity's total shareholding to 57.14% on 27 November 2020. This was announced on the ASX on 27 November 2020.

	S\$'000
Contribution of such entity to the reporting entity's profit/(loss) from ordinary activities before income tax during the period	(23)
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period	N/A

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



Ganesh Kumar Bangah
Executive Director

Date: 23 February 2021

Netccentric Limited

(Incorporated in Singapore. Registration Number: 200612086W)

and its subsidiaries

ARBN 605927464

Preliminary financial statements for the year ended 31 December 2020

Netccentric Limited
Consolidated Statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	<u>Group</u> <u>2020</u> \$	<u>2019</u> \$
Revenue	2	7,941,880	7,274,194
Cost of sales		<u>(4,146,428)</u>	<u>(3,788,706)</u>
Gross profit		3,795,452	3,485,488
Interest income		3,267	14,970
Other gains		202,390	105,177
Finance costs		(7,008)	(11,467)
Administrative and operating expenses		(803,912)	(876,785)
Employee benefits expense		(2,981,818)	(2,882,539)
Other losses		(56,326)	(68,167)
Share of profit from associates		-	87,708
Share of loss from joint venture		<u>(10,785)</u>	<u>-</u>
Profit/(loss) before income tax		141,260	(145,615)
Income tax expense		<u>(91,668)</u>	<u>(89,042)</u>
Profit/(loss), net of tax		<u>49,592</u>	<u>(234,657)</u>
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		32,201	13,655
Other comprehensive income, net of tax		<u>32,201</u>	<u>13,655</u>
Total comprehensive income (loss)		<u>81,793</u>	<u>(221,002)</u>
Profit/(loss) for the year, net of tax attributable to:			
Owners of the parent		1,803	(319,880)
Non-controlling interests		47,789	85,223
Profit/(loss), net of tax		<u>49,592</u>	<u>(234,657)</u>
Total comprehensive income (loss) for the year attributable to:			
Owners of the parent		35,979	(306,079)
Non-controlling interests		45,814	85,077
Total comprehensive income (loss)		<u>81,793</u>	<u>(221,002)</u>
Profit/(loss) per share		<u>Cents</u>	<u>Cents</u>
Basic and diluted profit/(loss) per share	4	<u>0.0007</u>	<u>(0.12)</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 2020

	Note	<u>Group</u> <u>2020</u> \$	<u>2019</u> \$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment		379,971	446,806
Intangible assets		88,240	74,974
Investments in associate		154,591	154,591
Deferred tax assets		41,504	691
Total non-current assets		<u>664,306</u>	<u>677,062</u>
<u>Current assets</u>			
Trade and other receivables		2,207,309	1,871,005
Other assets		120,885	128,848
Cash and cash equivalents		3,376,785	3,135,870
Total current assets		<u>5,704,979</u>	<u>5,135,723</u>
Total assets		<u>6,369,285</u>	<u>5,812,785</u>
LIABILITIES			
<u>Non-current liabilities</u>			
Deferred tax liabilities		-	7,433
Financial liabilities – lease liabilities		72,241	115,555
Total non-current liabilities		<u>72,241</u>	<u>122,988</u>
<u>Current liabilities</u>			
Income tax payable		24,891	17,345
Trade and other payables		1,289,041	1,228,687
Financial liabilities – lease liabilities		99,807	115,530
Other liabilities		461,495	25,696
Total current liabilities		<u>1,875,234</u>	<u>1,387,258</u>
Total liabilities		<u>1,947,475</u>	<u>1,510,246</u>
NET ASSETS		<u>4,421,810</u>	<u>4,302,539</u>
<u>EQUITY</u>			
Share capital	3	13,797,086	13,797,086
Accumulated losses		(9,706,893)	(9,936,696)
Share option reserve		-	228,000
Foreign currency translation reserves		(358,289)	(392,465)
Equity attributable to owners of the parent		<u>3,731,904</u>	<u>3,695,925</u>
Non-controlling interests		689,906	606,614
Total equity		<u>4,421,810</u>	<u>4,302,539</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 2020

Group:	Total equity	Attributable to parent	Share capital	Retained earnings	Share option reserves	Foreign currency translation reserves	Non-controlling interests
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Current year:							
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 income / (loss) for the year	81,793	35,979	-	1,803	-	34,176	45,814
Acquisition of a non-controlling interest with a change in control	37,478	-	-	-	-	-	37,478
Expiry of share options	-	-	-	228,000	(228,000)	-	-
Balance at 31 December 2020	<u>4,421,810</u>	<u>3,731,904</u>	<u>13,797,086</u>	<u>(9,706,893)</u>	<u>-</u>	<u>(358,289)</u>	<u>689,906</u>

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 2020

<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	(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)
Dividend paid to non-controlling interests	(23,768)	-	-	-	-	-	(23,768)
Balance at 31 December 2019	4,302,539	3,695,925	13,797,086	(9,936,696)	228,000	(392,465)	606,614

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 2020

	Group	
	2020	2019
	\$	\$
<u>Cash flows from operating activities</u>		
Profit/(loss) before income tax	141,260	(145,615)
Adjustments for:		
Depreciation of plant and equipment	79,682	101,498
Depreciation of right-of-use-assets	106,697	110,750
Loss (gain) on disposal of plant and equipment	17,077	(6,909)
Write off of plant and equipment	-	6,827
Allowance for doubtful debts	17,199	-
Loss on disposal and strike off of subsidiaries	-	52,534
Loss on step up of interest in joint venture	22,050	-
Share of profit from associate	-	(87,708)
Share of loss from joint venture	10,785	-
Interest income	(3,267)	(14,970)
Interest expense	7,008	11,467
Unrealised currency translation differences	(25,021)	-
Operating cash flows before changes in working capital	373,470	27,874
Other assets	8,951	23,627
Trade and other receivables	(431,651)	147,017
Trade and other payables	34,873	(275,269)
Other liabilities	435,799	(43,739)
Net cash flows used in operations	421,442	(120,490)
Income tax (paid) recovered	(49,040)	29,168
Net cash from (used in) operating activities	<u>372,402</u>	<u>(91,322)</u>
<u>Cash flows from investing activities</u>		
Dividend from associate	-	16,578
Interest received	3,267	14,970
Proceeds from disposal of plant and equipment	507	12,360
Purchase of property, plant and equipment	(74,712)	(128,087)
Acquisition of joint venture	(67,813)	-
Step up of interest in joint venture, net of cash paid	78,503	-
Disposal of subsidiaries	-	(232,447)
Net cash from investing activities	<u>(60,248)</u>	<u>(316,626)</u>
<u>Cash flows from financing activities</u>		
Dividend paid to non-controlling interests	-	(23,768)
Lease liabilities – principal portion paid	(115,161)	(115,839)
Interest paid	(7,008)	(11,467)
Movements in amounts due to director	-	(92)
Movements in amounts due to shareholder	-	6,224
Movements in amounts due to/from related parties	-	(74,130)
Net cash used in financing activities	<u>(122,169)</u>	<u>(219,072)</u>
Net increase (decrease) in cash and cash equivalents	189,985	(627,020)
Cash and cash equivalents at the beginning of reporting year	3,135,870	3,747,554
Effects of currency translation on cash and cash equivalents	50,930	15,336
Cash and cash equivalents, statement of cash flows, ending balance	<u><u>3,376,785</u></u>	<u><u>3,135,870</u></u>

Note 1. Significant accounting policies

Statement of Compliance

The Appendix 4E preliminary financial statements (“financial statements”) for the year ended 31 December 2020 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 2020.

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 and 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 benchmark. 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 operating segments and countries.

Netccentric Limited
Notes to the financial statements
31 December 2020

Note 2. Segment Reporting (cont'd)

Operating segments

	<u>2020</u>	<u>2019</u>
	\$	\$
Influencer Platform	4,579,344	4,666,782
Display Ad Network	3,779	2,799
Digital Asset Production	291,354	286,476
Social Media Agency	1,654,629	1,371,884
Performance Marketing Agency	1,412,736	928,753
Others	38	17,500
Total	<u>7,941,880</u>	<u>7,274,194</u>

Country

Malaysia	6,513,254	5,078,102
Taiwan	1,323,577	1,044,530
Singapore	105,049	799,046
Thailand	-	238,465
Indonesia	-	114,051
Total	<u>7,941,880</u>	<u>7,274,194</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 2020 and 31 December 2020	<u>262,500,000</u>	<u>13,797,086</u>

Note 4. Profit/(Loss) per share

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

	<u>2020</u>	<u>2019</u>
	\$	\$
A. Numerator: profit/(loss) attributable to equity:		
Continuing operations:		
Total basic and diluted profit/(loss) attributable to owners of the parent	<u>1,830</u>	<u>(319,880)</u>
B. Denominator: weighted average number of equity shares		
Basic and diluted	<u>262,500,000</u>	<u>262,500,000</u>
	<u>Cents</u>	<u>Cents</u>
Basic and diluted profit/(loss) per share	<u>0.0007</u>	<u>(0.12)</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.