

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 2022 (H1 FY2022)
Previous reporting period:	For the half-year ended 30 June 2021 (H1 FY2021)

2. Results for announcement to the market

			S\$ H1 FY2022
Revenue from ordinary activities	up	11% to	5,786,767
Loss from ordinary activities after tax attributable to the owners of Netccentric Limited	down	91% to	(144,148)
Loss for the half-year attributable to the owners of Netccentric Limited	down	91% to	(144,148)

Dividends

There were no dividends paid, recommended or declared by Netccentric Limited during the current reporting period.

Comments

The Group recorded a reduction in loss after tax attributable to the owners of Netccentric Limited of S\$1.40 million, from S\$1.54 million in H1 FY2021 to S\$0.14 million in HY FY2022, attributable mainly to the increase in revenue from Sashimi and Nuffnang Malaysia, partially offset by the reduced gross profit margins to secure new clients and increase market share as well as increased employee costs to cater for new client expansion. Additional details can be found in the Directors' Report and the consolidated financial statements for the six months ended 30 June 2022 of Netccentric Limited.

In H1 FY2022, the Group delivered a loss before interest, tax, depreciation and amortisation, excluding extraordinary expenses, of S\$84k compared to an earnings before interest, tax, depreciation and amortisation (EBITDA), excluding extraordinary expenses, of S\$189k achieved in H1 FY2021.

Extraordinary expenses relate to options expenses, options fair value gains/losses, forex gains/losses and roadshow expenses.

This information should be read in conjunction with the Interim Financial Statements for the six months ended 30 June 2022 of Netccentric Limited, which have been reviewed by RSM Chio Lim LLP. The Independent Auditor's Report on Review of Interim Financial Information provided by RSM Chio Lim LLP is included in the consolidated financial statements for the six months ended 30 June 2022 of Netccentric Limited.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets ("NTA") per ordinary share	<u>2.07</u>	<u>1.96</u>

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	N/A

N.M. – Not material to the group.

As of the date of this report, Nuffnang Philippines Inc. is still in the process of being struck 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 of Netccentric Limited for the six months ended 30 June 2022.

8. Attachments

Details of attachments:

The Interim Financial Statements of Netccentric Limited for the six months ended 30 June 2022 are attached.

9. Signed



Ganesh Kumar Bangah
Executive Chairman

Date: 26 August 2022

NETCENTRIC LIMITED

(Incorporated in Singapore. Registration Number: 200612086W)

and its subsidiaries

ARBN 605927464

Interim Financial Statements

for the six months ended 30 June 2022

Netccentric Limited
Directors' Report
30 June 2022

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 2022.

Directors

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

Ganesh Kumar Bangah
Darren John Cooper
Robert William Sultan
Joanne Khoo Su Nee

Principal activities

During the period, the principal continuing activities of the consolidated entity consisted of:

- Enabling advertisers to engage social media influencers to promote their products and services;
- Specialising in social media strategy and campaign management for advertisers;
- Specialising in the manufacture and construction of advertising devices through any media; and
- Live commerce enabler aiming to provide merchants and their customers with a seamless and automated livestream shopping experience.

Review of operations (in S\$)

H1 FY2022 Performance

The Group achieved revenue of S\$5.79 million, representing growth of 11% YoY.

The revenue growth was spread across the Group's business units with Netccentric making significant progress towards profitability. This was headlined by the Group's loss before tax of S\$0.16 million in H1 FY2022, representing improvement of approximately \$1.35 million compared to H1 FY2021.

In H1 FY2022, the Group consumed net operational cash of S\$0.49 million, partly associated with working capital in scaling up Nuffnang Live Commerce as well as with certain campaigns involving payment of influencers prior to collection from clients.

Netccentric entered H2 FY2022 with S\$4.9 million in cash and no debt, providing strength and flexibility to fund the Group's growth objectives.

The Group's financial results reflect a continuing strengthening as the business gains scale and management executes Netccentric's growth strategies.

Nuffnang

Nuffnang, Netccentric's 100%-owned social influencer and content marketing platform, contributed 59% of Group revenue in H1 FY2022, with Nuffnang Malaysia ("NNMY") the largest contributor.

After a stronger start to the financial year, Nuffnang growth moderated in Q2 FY2022 reflecting tightening of digital advertising expenditure among brands operating across the Group's geographies. The Group noted that significant portions of its clients' advertising budgets were channelled to outdoor formats as economies reopened from COVID-enforced lockdowns and workers returned to offices. In the face of this operating environment, the Group was encouraged to note that NNMY's ten largest clients (such as Unilever, Dutch Lady and Mamee) increased their total spend with Netccentric compared to H1 FY2021.

The recent trend of digital advertising budget shift has been particularly pronounced for fast-moving consumer good (FMCG) companies, which constitute a significant proportion of Nuffnang's clients. In anticipation of continued near-term volatility in FMCG ad budgets, the Group has expanded its focus to winning new business from non-FMCG brands such as Guardian, McDonald's and Hasbro, while continuing to proactively serve its FMCG clients.

As a strategy to drive longer-term growth, the Group will maintain focus on the development of its Web 3.0 creator platform, first announced to the ASX on 26 July 2022. This platform, NFT Technologies Sdn Bhd ("NFT Tech"), will empower creators to be better influencers who can cater to a wider audience. NFT Tech is expected to place Netccentric at the forefront of the Web 3.0 revolution, empowering brand owners to issue non-fungible tokens (NFTs) in collaboration with influencers in a cost-efficient and user-friendly manner.

Nuffnang Live Commerce

The Nuffnang Live Commerce ("NLC") platform provides a seamless end-to-end livestream shopping experience by navigating viewers from awareness to the purchase stage instantaneously, as viewers can use their devices to immediately purchase promoted products.

NLC's activity levels grew strongly in H1 FY2022 as new and existing clients continued to adopt the platform and build their understanding of its capabilities.

NLC achieved gross merchandise volume (GMV) of S\$4.05 million, an increase of 394% compared to S\$0.82 million delivered in H1 FY2021. Total transacted orders increased by 177% in H1 FY2022 from H1 FY2021, to 34,776 orders.

This rapid growth was stoked by increased uptake of NLC's managed services, for example live campaigns for global jeans brand Levi's celebrating the festivals of Ramadan and Raya. These campaigns involved A-list local celebrities and successfully launched Levi's live commerce offering with strong engagement, views and GMV.

The Group has worked to improve conversion rates for NLC and its investee company, eShoplive, which it has delivered through platform feature enhancements. NLC has helped to develop a Member Management System for eShoplive,

Netccentric Limited
Directors' Report
30 June 2022

which has enabled the collection of reward points and redemption to increase customer loyalty and drive sales growth for eShoplive. NLC also continued to support eShoplive in launching its new Malay-language live channel, ePheelive.

Sashimi

The Group's social media agency, Sashimi, continued to expand its operations related to brand storytelling, data analysis, marketing technology and commercial production services. Sashimi delivered year-on-year revenue growth of 16% in H1 FY2022 to S\$1.40 million, primarily driven by the data-driven approach Sashimi brings to its development of brand narratives - ensuring that all brand storytelling is built on unequivocal consumer insights. Unsolicited media endorsements for its work in Q1 FY2022 contributed to growth in inbound enquiries which led to new revenue for Sashimi.

Plata & Punta

The Group's performance marketing agency, Plata & Punta ("P&P"), continued to deliver growth as the business faces the crosscurrents of a post-COVID lockdown reopening of the economy and volatility in ad spend. P&P revenue increased by 10% year-on-year to S\$0.95 million, overcoming one of its key eCommerce clients being affected by supply chain issues which caused delays in stocking and in turn impacting growth.

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.

On behalf of the Board of Directors



Ganesh Kumar Bangah
Director

26 August 2022



Joanne Khoo Su Nee
Director

Netccentric Limited

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30 June 2022

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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 26 August 2022.

Netccentric Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2022

	Note	Group	
		30 Jun 2022	30 Jun 2021
		\$	\$
Revenue	3	5,786,767	5,227,554
Cost of sales		<u>(3,441,404)</u>	<u>(2,999,610)</u>
Gross profit		2,345,363	2,227,944
Interest income		1,867	1,480
Other income and gains	4	609,044	62,543
Administrative and operating expenses	5	(2,971,040)	(3,693,457)
Other losses	4	(144,323)	(104,373)
Finance costs		<u>(2,644)</u>	<u>(2,919)</u>
Loss before income tax		(161,733)	(1,508,782)
Income tax income / (expense)		33,853	(3,947)
Loss, net of tax		<u>(127,880)</u>	<u>(1,512,729)</u>
Other comprehensive (loss) profit:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax		(18,551)	9,986
Other comprehensive (loss) profit, net of tax		<u>(18,551)</u>	<u>9,986</u>
Total comprehensive loss		<u>(146,431)</u>	<u>(1,502,743)</u>
Loss for the period attributable to:			
Owners of the parent		(144,148)	(1,540,760)
Non-controlling interests		16,268	28,031
Loss, net of tax		<u>(127,880)</u>	<u>(1,512,729)</u>
Total comprehensive loss for the period attributable to:			
Owners of the parent		(162,699)	(1,530,774)
Non-controlling interests		16,268	28,031
Total comprehensive loss		<u>(146,431)</u>	<u>(1,502,743)</u>
Loss per share		<u>Cents</u>	<u>Cents</u>
Basic and diluted	15	<u>(0.05)</u>	<u>(0.54)</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 2022

		Group	
	Note	30 Jun 2022	31 Dec 2021
		\$	\$
ASSETS			
Non-current assets			
Plant and equipment		402,294	347,537
Investments in associates		154,591	154,591
Intangible assets		165,136	168,129
Financial asset at FVTOCI	7	78,000	78,000
Deferred tax assets		48,965	50,174
Total non-current assets		<u>848,986</u>	<u>798,431</u>
Current assets			
Trade and other receivables		3,086,098	2,713,569
Other assets		118,501	193,441
Cash and cash equivalents	8	4,946,557	5,414,901
Total current assets		<u>8,151,156</u>	<u>8,321,911</u>
Total assets		<u>9,000,142</u>	<u>9,120,342</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	14,112,365	14,112,365
Accumulated losses		(10,646,888)	(10,502,740)
Share option reserve	11	2,525,206	2,285,712
Capital reserve	11a	87,988	-
Fair value reserve	12	(443,513)	(443,513)
Foreign currency translation reserves		(359,680)	(341,129)
Equity attributable to owners of the parent		<u>5,275,478</u>	<u>5,110,695</u>
Non-controlling interests		706,731	539,593
Total equity		<u>5,982,209</u>	<u>5,650,288</u>
Non-current liabilities			
Lease liabilities		11,635	31,210
Total non-current liabilities		<u>11,635</u>	<u>31,210</u>
Current liabilities			
Income tax payable		13	18
Trade and other payables		1,943,386	2,086,091
Lease liabilities		167,686	108,037
Other financial liabilities	13	274,673	859,493
Other non-financial liability		620,540	385,205
Total current liabilities		<u>3,006,298</u>	<u>3,438,844</u>
Total liabilities		<u>3,017,933</u>	<u>3,470,054</u>
Total equity and liabilities		<u>9,000,142</u>	<u>9,120,342</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 2022

Group:	Total equity	Attributable to parent sub-total	Share capital	Accumulated losses	Share option reserve	Capital reserve	Fair value reserves	Foreign currency translation reserves	Non-controlling interests
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current year:									
Balance at 1 January 2022	5,650,288	5,110,695	14,112,365	(10,502,740)	2,285,712	–	(443,513)	(341,129)	539,593
Changes in equity:									
Total comprehensive loss for the year	(146,431)	(162,699)	–	(144,148)	–	–	–	(18,551)	16,268
Share-options expense (Note 11)	327,482	327,482	–	–	327,482	–	–	–	–
Transfer to capital reserve (Note 11a)	–	–	–	–	(87,988)	87,988	–	–	–
Additions to non-controlling interests in a subsidiary	150,870	–	–	–	–	–	–	–	150,870
Balance at 30 June 2022	5,982,209	5,275,478	14,112,365	(10,646,888)	2,525,206	87,988	(443,513)	(359,680)	706,731
Previous year:									
Balance at 1 January 2021	4,421,787	3,731,881	13,797,086	(9,706,924)	–	–	–	(358,281)	689,906
Changes in equity:									
Total comprehensive loss for the year	(1,240,280)	(1,222,177)	–	(795,816)	–	–	(443,513)	17,152	(18,103)
Issue of share capital (Note 9)	490,702	490,702	490,702	–	–	–	–	–	–
Share issue expenses (Note 9)	(197,497)	(197,497)	(197,497)	–	–	–	–	–	–
Exercise of equity share options (Note 9)	22,074	22,074	22,074	–	–	–	–	–	–
Share-options expense (Note 11)	2,365,662	2,365,662	–	–	2,365,662	–	–	–	–
Forfeited share options (Note 11)	(79,950)	(79,950)	–	–	(79,950)	–	–	–	–
Dividends paid to non-controlling interest	(132,210)	–	–	–	–	–	–	–	(132,210)
Balance at 31 December 2021	5,650,288	5,110,695	14,112,365	(10,502,740)	2,285,712	–	(443,513)	(341,129)	539,593

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

Netccentric Limited
Consolidated Statement of Cash Flows
For the half-year ended 30 June 2022

	Group	
	30 Jun 2022	30 Jun 2021
	\$	\$
<u>Cash flows from operating activities</u>		
Loss before income tax	(161,733)	(1,508,782)
Adjustments for:		
Interest income	(1,867)	(1,480)
Finance costs	2,644	2,919
Amortisation of intangible assets	11,930	5,367
Depreciation of right-of-use assets	55,810	51,063
Depreciation of plant and equipment	51,381	49,298
Share options expense	327,482	1,451,005
Fair value gain on other financial liability at FVTPL	(584,820)	–
Gain on disposal of plant and equipment	(2,656)	–
Net effect of exchange rate changes	(14,421)	(5,871)
Operating cash flows before changes in working capital	(316,250)	43,519
Trade and other receivables	(273,377)	(400,117)
Other assets	74,940	10,235
Trade and other payables	(142,706)	285,693
Other non-financial liabilities	235,335	(121,475)
Net cash flows used in operations	(422,058)	(182,145)
Income taxes paid	(64,095)	(74,825)
Net cash used in operating activities	(486,153)	(256,970)
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	(56,741)	(41,542)
Additions to intangible assets	(13,066)	(27,830)
Investment in other financial assets	–	(521,513)
Additional contribution from non-controlling interests in a subsidiary	150,870	–
Interest received	1,867	1,480
Net cash from (used in) investing activities	82,930	(589,405)
<u>Cash flows from financing activities</u>		
Dividends paid to non-controlling interests	–	(36,216)
Finance costs	(2,644)	(2,919)
Proceeds from issuance of shares	–	3,193,000
Share issue costs (Note 9)	–	(197,497)
Lease liabilities – principal portion paid	(62,477)	(58,337)
Net cash (used in) from financing activities	(65,121)	2,898,031
Net (decrease) increase in cash and cash equivalents	(468,344)	2,051,656
Cash and cash equivalents at the beginning of reporting period	5,414,901	3,376,785
Cash and cash equivalents, at the end of reporting period (Note 8)	4,946,557	5,428,441

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 2022 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 the 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 2021. 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 16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to
Various	Annual Improvements to FRSs 2018-2020

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) Social Media Agency, (3) Performance Marketing Agency and (4) Live Commerce. 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) Social Media Agency	Digital marketing agency specialising in social media strategy and campaign management for advertisers.
(3) Performance Marketing Agency	Performance marketing agency specialising in the manufacture and construction of advertising devices through any media.
(4) Live Commerce	Live commerce enabler aiming to provide merchants and their customers with a seamless and automated livestream shopping experience.

Segment revenues are allocated based on the country in which the customer is located. The group has a large number of customers to which it provides both products and services. The group does not rely on any single customer to a significant portion of revenues. 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 significant accounting policies.

Note 2. Segment Reporting (cont'd)

The following tables illustrate the information about revenue by business units and countries.

Business Units

	Group	
	<u>30 Jun 2022</u>	<u>30 Jun 2021</u>
	\$	\$
Influencer Platform	3,390,415	3,163,558
Social Media Agency	1,396,989	1,206,840
Performance Marketing Agency	946,627	857,156
Live Commerce	52,736	–
Total	<u>5,786,767</u>	<u>5,227,554</u>

Country

	Group	
	<u>30 Jun 2022</u>	<u>30 Jun 2021</u>
	\$	\$
Malaysia	5,075,482	4,578,563
Taiwan	641,117	630,052
Singapore	70,168	18,939
Total	<u>5,786,767</u>	<u>5,227,554</u>

Note 3. Revenue

	Group	
	<u>30 Jun 2022</u>	<u>30 Jun 2021</u>
	\$	\$
Rendering of services	<u>5,786,767</u>	<u>5,227,554</u>

Note 4. Other income and gains and (other losses)

	Group	
	<u>30 Jun 2022</u>	<u>30 Jun 2021</u>
	\$	\$
Foreign exchange adjustment loss	(144,323)	(104,373)
Government grants	13,815	39,154
Gain on disposal of plant and equipment	2,656	–
Fair value gain on other financial liability at FVTPL	584,820	–
Other income	7,753	23,389
Net	<u>464,721</u>	<u>(41,830)</u>
Presented in profit or loss as:		
Other income and gains	609,044	62,543
Other losses	(144,323)	(104,373)
	<u>464,721</u>	<u>(41,830)</u>

Netccentric Limited
Notes to the Financial Statements
30 June 2022

Note 5. Administrative and operating expenses

The major components include the following:

	<u>Group</u>	
	<u>30 Jun 2022</u>	<u>30 Jun 2021</u>
	\$	\$
Advertising expenses	124,737	48,767
Depreciation expense	107,191	100,361
Salaries and other short-term employee benefits	2,277,725	1,855,048
Share options expense relating to placement agent	–	1,281,513
Professional fees	129,970	143,738
Travelling expenses	6,709	2,919
	<u>6,709</u>	<u>2,919</u>

Note 6. Employee benefit expense

	<u>Group</u>	
	<u>30 Jun 2022</u>	<u>30 Jun 2021</u>
	\$	\$
Short term employee benefits expense	1,695,047	1,478,823
Contributions to defined contribution plan	189,546	164,020
Share options expense relating to employees	327,482	169,492
Other benefits	65,650	42,713
Total employee benefits expense	<u>2,277,725</u>	<u>1,855,048</u>

Note 7. Financial asset at FVTOCI

	<u>Group</u>	
	<u>30 Jun 2022</u>	<u>31 Dec 2021</u>
	\$	\$
<u>Unquoted investment at FVTOCI:</u>		
Unquoted equity shares in a corporation	78,000	78,000
Balance at end of the year	<u>78,000</u>	<u>78,000</u>
<u>Movements during the year:</u>		
Fair value at beginning of the year	78,000	–
Addition	–	521,513
Loss recognised in other comprehensive income	–	(443,513)
Fair value at end of the half year	<u>78,000</u>	<u>78,000</u>

On 26 May 2021, the group acquired a 5% shareholding interest in Innovatic Commerce Solution Sdn Bhd for a consideration of RM1,551,872 (S\$521,513). The group has no significant influence and the unquoted equity shares are measured at fair value through other comprehensive income (“FVTOCI”). A fair value loss of S\$443,513 was recorded in other comprehensive income during the reporting year ended 31 December 2021 (See Note 12).

Note 8. Cash and cash equivalents

	<u>Group</u>	
	<u>30 Jun 2022</u>	<u>31 Dec 2021</u>
	\$	\$
Not restricted in use	4,946,557	5,414,901
Cash at end of the half year	<u>4,946,557</u>	<u>5,414,901</u>

The interest earning balances are not significant.

Netccentric Limited
Notes to the Financial Statements
30 June 2022

Note 8. Cash and cash equivalents (cont'd)

Reconciliation of liabilities arising from financing activities:

The group does not have any external borrowings except for certain leases, which are not significant.

Note 9. Share capital

	<u>Number of shares issued</u>	<u>Share capital</u> \$
<u>Group and company</u>		
<u>Ordinary shares of no par value:</u>		
Balance at 1 January 2021	262,500,000	13,797,086
Proceeds from issuance of shares at \$0.16	20,391,666	3,170,926
Proceeds allocated to derivative liability at FVTPL (Note 13)	–	(2,680,224)
Share issue expenses	–	(197,497)
Exercise of equity share options	120,000	22,074
Balance at 31 December 2021 and 30 June 2022	<u>283,011,666</u>	<u>14,112,365</u>

Note 10. Dividends

There were no dividends paid during the six month reporting period ended 30 June 2022 (2021: \$Nil).

Note 11. Share option reserve

	<u>Group</u>	
	<u>30 Jun 2022</u>	<u>31 Dec 2021</u>
	\$	\$
As at 1 January 2021, 31 December 2021	2,285,712	–
Grant of share options to lead manager	–	1,281,513
Grant of share options to employees	327,482	1,084,149
Transfer to capital reserve (Note 11a)	(87,988)	–
Forfeited share options	–	(79,950)
As at 30 June 2022, 31 December 2021 – included in share option reserve	<u>2,525,206</u>	<u>2,285,712</u>
The expense is allocated in the profit or loss as follows:		
Administrative expenses	<u>327,482</u>	<u>2,285,712</u>

The outstanding number of options at the end of the half year was:

<u>Exercise price outstanding</u>	<u>Grant date</u>	<u>Exercise period</u>	<u>Number of options</u>	
			<u>30 Jun 2022</u>	<u>31 Dec 2021</u>
AUD 0.18 (\$0.19)	3 March 2021	From 3 March 2021 to 1 September 2023	<u>6,500,000</u>	<u>6,500,000</u>
AUD 0.0145 (\$0.0149)	27 May 2021	From 1 January 2022 to 1 January 2024	<u>11,600,000</u>	<u>12,150,000</u>

During the reporting period on 15 March 2022 and 18 March 2022, a total of 550,000 options were exercised by non-executive directors of the company. These were settled by way of a transfer of shares from the majority shareholder of the company. Accordingly, the company did not receive any cash consideration and did not issue any new shares.

Note 11. Share option reserve (cont'd)

The estimate of the grant date fair value of each option issued is based on the Black-Scholes option pricing model (Level 3). In order to approximate the expectations that would be reflected in a current market or negotiated exchange price for these options, this model takes into account several factors and assumptions.

The following assumptions were used in relation to the determination of the fair value in the prior year:

	<u>31 Dec 2021</u>
Range of share price	\$0.14 – \$0.31
Range of exercise price	\$0.015 – \$0.187
Risk-free annual interest rates	0.12% to 0.40%
Volatility expected	79% - 113%
Expected option term of years	<u>1.7 – 3.8</u>

Note 11a. Capital reserve

The capital reserve represents the accumulation of the value of employee services received by the company, in respect of share options granted and exercised to date.

Note 12. Fair value reserve

	<u>Group</u>	
	<u>30 Jun 2022</u>	<u>31 Dec 2021</u>
	\$	\$
As at 1 January 2022 and 1 January 2021	(443,513)	–
Fair value loss on financial asset at FVTOCI (Note 7)	–	(443,513)
As at 30 June 2022 and 31 December 2021	<u>(443,513)</u>	<u>(443,513)</u>

Note 13. Other financial liability

This relates to a derivative liability that arose on the issuance of free attached warrants as part of the fund raising exercise during the reporting year ended 31 December 2021. The fair value of the derivative liability on initial recognition was \$2,680,224 (Note 9). This liability was subsequently carried at fair value through profit or loss (Note 14) and amounted to \$274,673 at 30 June 2022.

Note 14: Fair value measurement

Fair value hierarchy

The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Netccentric Limited
Notes to the Financial Statements
30 June 2022

Note 14: Fair value measurement (cont'd)

Consolidated - 30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Financial assets at FVTOCI (Note 7) #A	-	-	78,000	78,000
Total assets	-	-	78,000	78,000
<i>Liabilities</i>				
Derivative liability at fair value through profit or loss (Note 13) #B	-	274,673	-	274,673
Total liabilities	-	274,673	-	274,673

#A. For fair value recurrent measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Level 3:

Unquoted equity shares through FVTOCI:

E-commerce industry, Malaysia

Fair Value: \$78,000 (2021: \$78,000).

Valuation technique: Market comparable companies.

#B. For the fair value recurrent measurements categorised within Level 2 of the fair value hierarchy, a description of the valuation techniques and information about the significant unobservable inputs used in the fair value measurement are as follows:

Level 2:

Instrument: Derivative liability at FVTPL

Fair Value: \$274,673 (2021: \$859,493).

Valuation technique: Black-Scholes option pricing model.

The following assumptions were used:

	<u>30 Jun 2022</u>	<u>31 Dec 2021</u>
Range of share price	\$0.09	\$0.14 – \$0.31
Range of exercise price	\$0.015 – \$0.187	\$0.015 – \$0.187
Risk-free annual interest rates	1.25%	0.12% to 0.40%
Volatility expected	79% - 100%	79% - 113%
Expected option term of years	1.2 – 3.8	1.7 – 3.8

There were no transfers between levels during the reporting period.

Note 15. Loss per share

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

	<u>30 Jun 2022</u>	<u>Group</u> <u>30 Jun 2021</u>
	\$	\$
A. Numerator: loss attributable to equity:		
Continuing operations:		
Total basic and diluted loss attributable to owners of the parent	<u>(144,148)</u>	<u>(1,540,760)</u>
B. Denominator: weighted average number of equity shares		
Basic and diluted	<u>280,592,036</u>	<u>283,011,666</u>
	<u>Cents</u>	<u>Cents</u>
Basic and diluted	<u>(0.05)</u>	<u>(0.54)</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 material difference between the basic and diluted weighted average number of shares.

Note 16: Events after the reporting period

Subsequent to the end of the reporting period on 26 July 2022, the company entered into a joint-venture agreement ("Agreement") with RedSquare Technologies Sdn Bhd ("RSQ") to develop and operate a Web 3.0 platform. Under the Agreement, a new company called NFT Technologies Sdn Bhd ("NFT Tech") was established. The company will invest RM 600,000 (approximately AUD 200,000) in cash into NFT Tech, making the company the 100% holder of NFT Tech's 600,000 initial shares.

RSQ will participate as a shareholder of NFT Tech through the injection of assets and intellectual property rights that shall be satisfied through the issuance of NFT Tech shares to RSQ, linked to the achievement of 4 key milestones of which each has been ascribed to a value of RM 100,000 (approximately AUD 33,000) which will be equivalent to 100,000 ordinary shares in NFT Tech.

Netccentric Limited
Directors' declaration
30 June 2022

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 2022 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



Ganesh Kumar Bangah
Director

26 August 2022



Joanne Khoo Su Nee
Director

RSM Chio Lim LLP8 Wilkie Road, #03-08
Wilkie Edge, Singapore 228095

T +65 6533 7600

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www.RSMSingapore.sg**Independent Auditor's Report on Review of Interim Financial Information
to the Members of
NETCENTRIC LIMITED (Registration No: 200612086W)****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 2022, 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 5 to 15.

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 2022, 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 LLP
Public Accountants and
Chartered Accountants
Singapore26 August 2022
Partner in charge: Naveen Sasidaran