

SHOPPER360 LIMITED

(Incorporated in the Republic of Singapore on 27 December 2016)
(Company Registration Number: 201634929Z)

UNAUDITED HALF YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2018

This announcement has been prepared by shopper360 Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “Sponsor”), for compliance with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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Background

shopper360 Limited (the “Company”, and together with its subsidiary, the “Group”) was incorporated in the Republic of Singapore on 27 December 2016 and listed on Catalist on 30 June 2017. The Group is a well-established provider of shopper marketing services in the retail and consumer goods industries in Malaysia and have more than 30 years of experience in the in-store advertising industry. It offers a comprehensive range of marketing and advertising services that integrate along the entire shopper journey, through in-store experience to loyalty, retention and repeat purchase. The shopper marketing services provided by the Group can be categorized into three main segments, namely (i) in-store advertising and digital marketing; (ii) field force management; and (iii) sampling activities and events management.

The Group was formed pursuant to a restructuring exercise (the “Restructuring Exercise”) undertaken as part of its corporate re-organisation, which involved the rationalisation of its corporate and shareholding structure for the purposes of the Company’s listing on Catalist. Please refer to the Company’s offer document dated 21 June 2017 (registered by the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore on 21 June 2017) (“Offer Document”) in respect of the initial public offering of the Company (“IPO”), for further details on the Restructuring Exercise.

PART 1 – INFORMATION REQUIRED FOR HALF-YEAR RESULTS ANNOUNCEMENT

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Increase/ (Decrease) %
	1H FY2019 ⁽¹⁾	1H FY2018 ⁽²⁾	
	RM (Unaudited)	RM (Unaudited)	
Revenue	77,485,154	68,755,577	13
Cost of sales	(56,987,963)	(49,475,818)	15
Gross profit	20,497,191	19,279,759	6
Other income	220,160	145,641	51
Research and development	-	(132,068)	(100)
Administrative expenses	(16,612,421)	(12,984,291)	28
Finance costs	(3,861)	(20,582)	(81)
Other operating expenses	(566)	(14,454)	(96)
Profit before tax	4,100,503	6,274,005	(35)
Tax expense	(1,365,306)	(1,659,074)	(18)
Profit for the period	2,735,197	4,614,931	(41)
Other comprehensive income:			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Translation difference	101,979	-	NM
Other comprehensive income for the period	101,979	-	NM
Total comprehensive income for the period	2,837,176	4,614,931	(39)
Profit attributable to:			
Equity holders of the Company	2,887,145	4,614,931	(37)
Non-controlling interests	(151,948)	-	NM
Profit for the period	2,735,197	4,614,931	(41)
Total comprehensive income attributable to:			
Equity holders of the Company	2,952,175	4,614,931	(36)
Non-controlling interests	(114,999)	-	NM
	2,837,176	4,614,931	(39)

NM: Not meaningful

Notes:

- (1) "1H FY2019": Half year financial period from 1 June 2018 to 30 November 2018.
(2) "1H FY2018": Half year financial period from 1 June 2017 to 30 November 2017.

1(a)(ii) Notes to consolidated statement of comprehensive income**The Group's net profit was arrived after crediting / (charging) the following:**

	Group		
	1H FY2019	1H FY2018	Increase/ (Decrease)
	RM	RM	%
	(Unaudited)	(Unaudited)	
Waiver of debt – third parties	-	3,302	(100)
Interest income	167,754	121,686	38
Finance costs	(3,861)	(20,582)	(81)
Amortisation for club membership	(4,140)	(4,140)	-
Bad debts written off	-	(1,330)	(100)
Depreciation of property, plant and equipment	(1,083,393)	(826,656)	31
Listing expenses	-	38,783	(100)
Rental expense	(754,422)	(799,204)	(6)
Staff costs	(51,968,180)	(41,743,152)	24
Property, plant and equipment written off	(566)	(14,454)	(96)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30 November 2018 RM (Unaudited)	As at 31 May 2018 RM (Audited)	As at 30 November 2018 RM (Unaudited)	As at 31 May 2018 RM (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	4,748,484	4,760,536	-	-
Intangible assets	2,493,806	2,497,946	-	-
Investment in subsidiaries	-	-	37,013,629	36,891,829
Financial assets, at FVOCI ⁽¹⁾	1,100,000	1,100,000	-	-
Trade and other receivables	176,560	176,560	-	-
Deferred tax assets	735,120	735,120	-	-
Total non-current assets	9,253,970	9,270,162	37,013,629	36,891,829
Current assets				
Financial assets, at FVPL ⁽²⁾	547,458	14,707	-	-
Trade and other receivables	45,988,521	40,693,850	9,689,454	9,378,625
Cash and cash equivalents	11,532,322	19,026,236	1,316,170	1,482,512
Tax recoverable	1,579,208	1,182,427	-	-
Total current assets	59,647,509	60,917,220	11,005,624	10,861,137
Total assets	68,901,479	70,187,382	48,019,253	47,752,966
EQUITY AND LIABILITIES				
Equity				
Share capital	51,850,444	51,850,444	51,850,444	51,850,444
Capital reserve	(1,354,855)	(1,354,855)	-	-
Merger reserve	(17,453,646)	(17,453,646)	-	-
Currency translation reserve	59,277	(5,753)	-	-
Retained earnings	16,014,320	15,196,882	(4,088,655)	(4,451,359)
Equity attributable to equity holders of the Company, total	49,115,540	48,233,072	47,761,789	47,399,085
Non-controlling interests	(256,598)	(222,799)	-	-
Total equity	48,858,942	48,010,273	47,761,789	47,399,085
Non-current liabilities				
Borrowings	169,265	19,611	-	-
Deferred tax liabilities	52,988	52,988	-	-
Total non-current liabilities	222,253	72,599	-	-
Current liabilities				
Trade and other payables	18,921,946	21,452,413	257,464	353,881
Borrowings	49,257	43,039	-	-
Tax payable	849,081	609,058	-	-
Total current liabilities	19,820,284	22,104,510	257,464	353,881
Total liabilities	20,042,537	22,177,109	257,464	353,881
Total equity and liabilities	68,901,479	70,187,382	48,019,253	47,752,966

Notes:

- (1) "FVOCI" : Fair Value through Other Comprehensive Income.
(2) "FVPL" : Fair Value through Profit or Loss.

1(b)(ii) Aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

As at 30 November 2018 (RM)		As at 31 May 2018 (RM)	
Secured	Unsecured	Secured	Unsecured
49,257	-	43,039	-

Amount repayable after one year

As at 30 November 2018 (RM)		As at 31 May 2018 (RM)	
Secured	Unsecured	Secured	Unsecured
169,265	-	19,611	-

Details of any collateral

The Group's borrowings are secured against certain property, plant and equipment with net carrying value of approximately RM 203,252.

1(c) A statement of cash flows (for the group), together with a comparative statement, for the corresponding period of the immediately preceding financial year.

	Group	
	1H FY2019	1H FY2018
	RM	RM
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before tax	4,100,503	6,274,005
Adjustments for :-		
Amortisation for club membership	4,140	4,140
Depreciation	1,083,393	826,656
Interest income	(167,754)	(121,686)
Interest expenses	3,861	20,582
Property, plant and equipment written off	566	14,454
Unrealised foreign exchange gain	(19,005)	-
Operating cash flow before working capital changes	<u>5,005,704</u>	<u>7,018,151</u>
Inventories	-	(4,304)
Receivables	(5,294,671)	990,181
Payables	(2,530,467)	(4,177,547)
Currency translation adjustments	115,706	-
Cash flows (used in)/generated from operations	<u>(2,703,728)</u>	<u>3,826,481</u>
Income tax paid	(1,522,064)	(1,180,256)
Net cash (used in)/from operating activities	<u>(4,225,792)</u>	<u>2,646,225</u>
Cash flow from investing activities		
Purchases of property, plant and equipment	(885,634)	(206,560)
Acquisition of available-for-sale investment	-	(1,100,000)
Interest received	167,754	121,686
(Placement)/redemption of financial assets at fair value through profit or loss	(532,751)	9,765
Net cash used in investing activities	<u>(1,250,631)</u>	<u>(1,175,109)</u>
Cash flow from financing activities		
Repayment of borrowings	(44,128)	(41,532)
Capital contribution from non-controlling interest in a subsidiary	81,200	-
Dividends paid to owners of the Company	(2,069,707)	(7,932,145)
Dividends paid to non-controlling interest	-	(765,000)
Repayment of amount due to director	-	(2,007,960)
Repayment of amount due to immediate and ultimate holding company	-	(106,202)
Proceeds from issuance of new shares, net of IPO expenses	-	15,076,695
Interest paid	(3,861)	(20,582)
Net cash (used in)/generated from financing activities	<u>(2,036,496)</u>	<u>4,203,274</u>
Net (decrease)/increase in cash and cash equivalents	<u>(7,512,919)</u>	<u>5,674,390</u>
Cash and cash equivalents at beginning of the period	19,026,236	7,511,886
Effects of exchange rate changes on cash and cash equivalents	19,005	-
Cash and cash equivalents at end of the period	<u>11,532,322</u>	<u>13,186,276</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital RM	Capital reserve RM	Merger reserve RM	Currency translation Reserve RM	Retained earnings RM	Equity attributable to equity holders of the Company RM	Non-controlling interests RM	Total RM
At 1 June 2017	38,550,103	(1,354,855)	(19,230,000)	-	10,318,559	28,283,807	-	28,283,807
Profit and total comprehensive income for the period	-	-	-	-	4,614,931	4,614,931	-	4,614,931
<i>Transactions with owners recognised directly in equity</i>								
Adjustment pursuant to the Restructuring Exercise	(1,776,354)	-	1,776,354	-	-	-	-	-
Issuance of new shares pursuant to the IPO	16,182,000	-	-	-	-	16,182,000	-	16,182,000
Capitalisation of listing expenses	(1,105,305)	-	-	-	-	(1,105,305)	-	(1,105,305)
Dividends	-	-	-	-	(1,132,145)	(1,132,145)	-	(1,132,145)
At 30 November 2017	51,850,444	(1,354,855)	(17,453,646)	-	13,801,345	46,843,288	-	46,843,288

Group	Share Capital RM	Capital reserve RM	Merger reserve RM	Currency translation Reserve RM	Retained earnings RM	Equity attributable to equity holders of the Company RM	Non- controlling interests RM	Total RM
At 1 June 2018	51,850,444	(1,354,855)	(17,453,646)	(5,753)	15,196,882	48,233,072	(222,799)	48,010,273
Profit for the period	-	-	-	-	2,887,145	2,887,145	(151,948)	2,735,197
Other Comprehensive income								
<i>Currency translation differences arising from consolidation</i>	-	-	-	65,030	-	65,030	36,949	101,979
Other comprehensive income for the financial period, net of tax	-	-	-	65,030	-	65,030	36,949	101,979
Total comprehensive income/(loss) for the period	-	-	-	65,030	2,887,145	2,952,175	(114,999)	2,837,176
<i>Transactions with owners recognised directly in equity</i>								
Capital contribution from non-controlling interest in a subsidiary	-	-	-	-	-	-	81,200	81,200
Dividends paid	-	-	-	-	(2,069,707)	(2,069,707)	-	(2,069,707)
At 30 November 2018	51,850,444	(1,354,855)	(17,453,646)	59,277	16,014,320	49,115,540	(256,598)	48,858,942

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)

Company	Share capital (RM)	Retained earnings (RM)	Total (RM)
At 1 June 2017	3	(4,144,724)	(4,144,721)
Profit and total comprehensive income for the financial period	-	1,266,874	1,266,874
Issuance of shares, representing transactions with owners recognised directly in equity	51,850,441	-	51,850,441
Dividends	-	(1,132,145)	(1,132,145)
At 30 November 2017	51,850,444	(4,009,995)	47,840,449
At 1 June 2018	51,850,444	(4,451,359)	47,399,085
Profit and total comprehensive income for the financial period	-	2,432,411	2,432,411
Dividends	-	(2,069,707)	(2,069,707)
At 30 November 2018	51,580,444	(4,088,655)	47,761,789

1(d)(ii) Details of any changes in the company’s share capital arising from rights issues, bonus issues, share buy-backs, exercises of share options or warrants, conversion of other issues of equity securities, issues of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Issued and paid-up share capital (RM)
As at 31 May 2018 and 30 November 2018	114,400,000	51,850,444

shopper360 Performance Share Plan

The Company had, on 26 May 2017, approved the shopper360 Performance Share Plan (“PSP”). As at the date of this announcement, the Company has not granted any awards under the PSP.

The Company did not have any outstanding options, convertibles, treasury shares and subsidiary holdings as at 30 November 2018 and 30 November 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.

	As at 30 November 2018	As at 31 May 2018
Total number of issued shares excluding treasury shares	114,400,000	114,400,000

There were no treasury shares as at 30 November 2018 and 31 May 2018.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and /or use of treasury share as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and /or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors of the Company.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the International Financial Reporting Standards known as Singapore Financial Reporting Standards (International) ("SFRS(I)"), for annual periods beginning on or after 1 January 2018. The Group has adopted SFRS(I) on 1 June 2018 and has prepared its first set of financial information under SFRS(I) for the financial period ended 30 November 2018.

Other than the adoption of the new framework and the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from the current financial year, the Group has applied the same accounting policies and methods of computation as in the most recently audited financial statements for the year ended 31 May 2018. The adoption of the new financial reporting framework, new SFRS(I)s, amendments and interpretations of SFRS(I)s has no material impact on the financial performance and financial position of the Group.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to item 4 above.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	1H FY2019	1H FY2018
Profit attributable to equity holders of the Company (RM)	2,887,145	4,614,931
Weighted average number of ordinary shares	114,400,000	114,400,000
Basic and diluted earnings per share (RM cents)	<u>2.52</u>	<u>4.03</u>

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the (a) Current financial period reported on; and (b) Immediately preceding financial year.**

	Group		Company	
	As at 30 November 2018	As at 31 May 2018	As at 30 November 2018	As at 31 May 2018
Net asset value ("NAV") (RM)	49,115,540	48,233,072	47,761,789	47,399,085
Number of ordinary shares	<u>114,400,000</u>	<u>114,400,000</u>	<u>114,400,000</u>	<u>114,400,000</u>
NAV per ordinary share (RM cents)	<u>42.93</u>	<u>42.16</u>	<u>41.75</u>	<u>41.43</u>

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF THE GROUP'S PERFORMANCE

Revenue

Revenue for 1H FY2019 increased by 13% or RM 8.7 million, from RM 68.8 million in 1H FY2018 to RM 77.5 million in 1H FY2019. The increase was primarily attributable to the increase in revenue contributions from the Sampling Activities and Events Management, and the Field Force Management segments, due to new projects from existing customers and new customers.

Cost of sales

Cost of sales increased by 15% or RM 7.5 million, from RM 49.5 million in 1H FY2018 to RM 57.0 million in 1H FY2019. The increase was largely in line with the increase in revenue by 13% which was due to increased business activities in the Sampling Activities and Events Management, and the Field Force Management segments. Further, the services in the Sampling Activities and Events Management, and the Field Force Management segments have higher cost of sales compared to those of the In-Store Advertising and Digital Marketing segment.

Gross Profit

Gross profit increased by approximately RM 1.2 million or 6%, from RM 19.3 million in 1H FY2018 to RM 20.5 million in 1H FY2019. However gross profit margin declined from 28% in 1H FY2018 to 26% in 1H FY2019, largely due to increased revenue from projects that derived lower margins.

Other Income

Other income increased by RM 0.1 million or 51%, from RM 0.1 million in 1H FY2018 to RM 0.2 million in 1H FY2019. The increase was mainly due to increases in interest income from deposits and gain from realised foreign exchange in 1H FY2019. There were no such gains in 1H FY2018.

Administrative Expenses

Administrative expenses increased by approximately RM 3.6 million or 28%, from RM 13.0 million in 1H FY2018 to RM 16.6 million in 1H FY2019. The increase was mainly due to expenses incurred by the two new subsidiaries, namely ShopperPlus Myanmar Co., Ltd (RM 1.28 million) and Retail Galaxy Sdn. Bhd. (RM 0.6 million), as well as cost incurred for business expansion by Gazelle Activation Sdn. Bhd and ShopperPlus Sdn Bhd. The increase in depreciation of property, plant and equipment was due to replacement of computer and motor vehicles.

Finance Costs

Finance costs decreased marginally by RM 0.02 million, from RM 0.02 million in 1H FY2018 to RM 4 thousand in 1H FY2019.

Other Operating Expense

Other operating expenses decreased marginally by approximately RM 0.01 million, from RM 0.01 million in 1H FY2018 to less than a thousand in 1H FY2019, mainly due to decrease in property, plant and equipment written off in 1H FY2019 as compared to 1H FY2018.

Profit for the period

Profit for the period decreased by RM 1.9 million or 41%, from RM 4.6 million in 1H FY2018 to RM 2.7 million in 1H FY2019.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current assets

The Group's non-current assets decreased marginally by RM 0.02 million or 0.2%, mainly due to depreciation of property, plant and equipment.

Current assets

The Group's current assets decreased by RM 1.3 million or 2%, from RM 60.9 million as at 31 May 2018 to RM 59.6 million as at 30 November 2018. This was mainly due to the decrease in cash and cash equivalents, partially offset by increase in trade and other receivables, financial assets at fair value through profit or loss and tax recoverable.

Cash and cash equivalents increased by RM 7.5 million as at 30 November 2018. Please refer to the section on review of the Group's cash flow statement for explanations on the increase in cash and cash equivalents of the Group.

Trade and other receivables increased by RM 5.3 million as at 30 November 2018, mainly due to increase in revenue, as well as contribution from the new subsidiaries, ShopperPlus Myanmar Co., Ltd of RM1.4 million and Retail Galaxy Sdn. Bhd. of RM4.3 million.

Current liabilities

The Group's current liabilities decreased by RM 2.3 million or 10%, from RM 22.1 million as at 31 May 2018 to RM 19.8 million as at 30 November 2018, mainly due to a decrease in trade and other payables as a result of the disbursement of one of the project cost received in advance during the financial year ended 31 May 2018, partially offset by an increase in tax payable.

Non-current liabilities

The Group's non-current liabilities increased by RM 0.1 million or 100%, from RM 0.1 million as at 31 May 2018 to RM 0.2 million as at 30 November 2018, due to an increase in finance lease liabilities in relation to motor vehicles.

Equity

The Group's equity increased by RM 0.8 million or 2%, from RM 48.0 million as at 31 May 2018 to RM 48.9 million as at 30 November 2018, mainly due to an increase in retained earnings of RM 0.8 million.

Working Capital

The Group reported a positive working capital of RM 39.8 million as at 30 November 2018, as compared to RM 38.8 million as at 31 May 2018.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash used in operating activities in 1H FY2019 was RM 4.2 million, due to operating cash flow before changes in working capital of RM 5.0 million and changes in working capital of RM 7.7 million. Changes in working capital were mainly due to (i) increase in trade and other receivables of RM 5.3 million; and (ii) decrease in trade and other payables of RM 2.5 million.

Net cash used in investing activities amounted to RM 1.3 million in 1H FY2019, which mainly relates to (i) purchase of property, plant and equipment of RM 0.9 million; (ii) placement of financial assets at fair value through profit or loss of RM 0.5 million and (iii) partially offset by interest received from bank of RM 0.2 million.

Net cash used in financing activities of RM 2.0 million mainly relates to dividend payments of RM 2.1 million, partially offset by capital contribution from non-controlling interest in a subsidiary of RM 0.1 million.

As a result of the above, net cash and cash equivalents decreased by RM 7.5 million in 1H FY2019.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group experienced a 37% decline in terms of profit attributable to equity holders of the Company, for 1H FY2019 as compared to 1H FY2018, though revenue increased by 13% and gross profit increased by 6%. The Group's decline in profit was mainly due to the increase in administrative cost of 28% to run the different new services provided by the subsidiaries, such as ShopperPlus Myanmar Co., Ltd. and ShopperPlus Sdn. Bhd.

The Group continues to focus on driving sales through new and relevant services to enhance our offerings to our existing client base as well as to penetrate new industries and obtain new clients through our new services. Some examples of acquiring new customers through new services are Uniqlo, Prudential, Taylors University, McDonalds and KFC through Spotify. Besides that, through Gazelle Activation, new clients such as Ferrero Rocher and property developer Beneton Properties

were acquired and new projects such as Nestle's International Coffee Month was a huge success for Nestle in terms of sales garnered from the activation.

The Group's results for 1H FY2019 was impacted by lower sales from Malaysia's in-store media, higher costs of sales, and revenue from services which had lower gross margins. The Group's new media addition such as in-store media with myNEWS.com and Shell petrol marts, as well as digital media, Spotify were unable to attract enough media buy from clients who had already locked in their 2018 marketing and media budgets. The inability of clients to commit to media buy for the months leading to our 1H FY2019, has affected our sales revenue for in-store and digital marketing segment.

In-store advertising and digital marketing segment will continue to face challenges as FMCG customers continue to seek ways to drive direct sales impact through media. Pos Ad Sdn. Bhd. commissioned a shopper study to be released in the half year financial period ending 31 May 2019 ("**2H FY2019**"), in order to reinforce the importance of in-store advertising. Pos Ad Sdn. Bhd. will no longer sell Spotify media starting from the fourth quarter of the financial year ending 31 May 2019, as sales achievement did not meet expectations for both parties. With the inclusion of Shell petrol marts, myNEWS.com to the Pos Ad Sdn. Bhd.'s retail network, Pos Ad Sdn. Bhd. will continue to focus on media opportunities at convenience channel as well as, all other existing retail network partners including Giant Hypermarket, Guardian Health and Beauty and 99 Speedmart.

For our sampling activities and events management segment, Tristar Synergy Sdn. Bhd. and Gazelle Activation Sdn. Bhd. continue to win new clients by placing importance in operational excellence, winning pitches by focusing on cost-effective ideas that can drive shopper engagement and induce product trial and sales.

For field force segment, outlook in 2H FY2019 will be optimistic based on a recent win with P&G. However, the Company will continue to focus its energies on cost optimization, staff knowledge and expertise, and IT development to increase the ease in reporting critical in-store information to clients.

On the regional front, ShopperPlus Myanmar Co., Ltd. continues to secure new clients and has made a small profit in the month of November which we are very pleased. We will be hosting our inaugural Creative Fair to showcase our capability and services to marketing leaders of Myanmar's consumer brands owners on how we can help them sell smarter.

ShopperPlus Singapore Pte. Ltd. is pleased to be appointed as the sole in-store media partner for NTUC FairPrice's 68 hypermarkets and supermarkets. We have set up an office in Singapore with the core group of employees on board since December 2018. We have also renewed our contract with Burger King Singapore with increased scope of work for 2019.

The Group has also embarked on service innovations in order to buffer for the decreasing trend in media sales.

Finally, from an industry outlook, Retail Group Malaysia (a retail consulting firm in Malaysia), in a quarterly gauge of retail activities, noted that the retail sales in Malaysia is likely to grow by 5% in 2019 in line with the Malaysian GDP.⁽¹⁾

The Group will continue to focus on meeting customer needs by providing new services that can continue to help our clients grow their business and sell smarter to their consumers. This will include acquiring or merging with business to enhance our offerings with immediacy.

Notes:

(1) Source: <https://www.malaymail.com/s/1697498/malaysian-retailers-target-5pc-retail-sales-growth-in-2019>

11. Dividend

(a) Any dividend recommended/declared for the current financial period reported on?

No dividend has been declared or recommended for 1H FY2019.

(b) Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to the effect.

No dividend has been declared/recommendeded for the financial period ended 30 November 2018.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

There were no interested person transactions of S\$100,000 or more for 1H FY2019.

The Group does not have a general mandate for interested person transactions.

14. Confirmation pursuant to Rule 705(5) of the SGX-ST Listing Manual Section B: Rules Of Catalist

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention, which may render the unaudited consolidated financial results of the Group for the half year ended 30 November 2018 to be false or misleading in any material aspects.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

16. Use of IPO proceeds

The Company received net proceeds from the IPO of approximately S\$ 5.22 million (the “**Net Proceeds**”). As at the date of this announcement, the Net Proceeds have been utilized as follows:

	Allocation of Net Proceeds (as disclosed in the Offer Document) (S\$'000)	Net Proceeds utilized as at the date of this announcement (S\$'000)	Balance of Net Proceeds as at the date of this announcement (S\$'000)
Expansion of (i) our service offerings; (ii) our network of customers and retail partners; and (iii) expansion into new geographical locations such as Myanmar and Singapore	2,300	(1,246)	1,054
Acquisition, strategic alliances and/or joint ventures	600	(598)	2
General working capital purposes	536	(536)	-
Listing expense to be borne by the Company	1,784	(1,784)	-
Total	5,220	(4,164)	1,056

BY ORDER OF THE BOARD

Chew Sue Ann
Executive Chairman and Group Managing Director
11 January 2019