

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 2020**

*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**”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

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.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone: (65) 6636 4201.

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 FY2021⁽¹⁾	1H FY2020⁽²⁾	
	RM (Unaudited)	RM (Unaudited)	
Revenue	75,936,058	87,150,209	(13)
Cost of sales	<u>(56,755,896)</u>	<u>(64,888,659)</u>	(13)
Gross profit	19,180,162	22,261,550	(14)
Other income	211,214	224,258	(6)
Administrative expenses	(14,353,088)	(17,632,824)	(19)
Other operating expenses	(819)	(1,401)	(42)
Finance costs	(55,951)	(44,071)	27
Share of results of associated company	3,098	(1,027)	NM
Profit before tax	4,984,616	4,806,485	4
Tax expense	<u>(1,567,466)</u>	<u>(1,303,087)</u>	20
Profit for the period	3,417,150	3,503,398	(2)
Other comprehensive income / (loss):			
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation	49,980	(22,600)	NM
Other comprehensive income / (loss) for the period, net of tax	<u>49,980</u>	<u>(22,600)</u>	NM
Total comprehensive income for the period	3,467,130	3,480,798	-
Profit attributable to:			
Equity holders of the Company	2,964,818	3,147,906	(6)
Non-controlling interests	452,332	355,492	27
Profit for the period	3,417,150	3,503,398	(2)
Total comprehensive income attributable to:			
Equity holders of the Company	2,994,260	3,166,324	(5)
Non-controlling interests	472,870	314,474	50
	<u>3,467,130</u>	<u>3,480,798</u>	-

NM: Not meaningful

Notes:

- (1) "1H FY2021": Half year financial period from 1 June 2020 to 30 November 2020.
(2) "1H FY2020": Half year financial period from 1 June 2019 to 30 November 2019.

1(a)(ii) Notes to consolidated statement of comprehensive income

The Group's net profit was arrived after crediting / (charging) the following:

	Group		Increase/ (Decrease) %
	1H FY2021	1H FY2020	
	RM (Unaudited)	RM (Unaudited)	
Interest income ⁽¹⁾	77,179	142,347	(46)
Gain on disposal of property, plant and equipment ⁽²⁾	80,329	48,766	65
Gain on disposal of intangible asset ⁽³⁾	23,558	-	NM
(Loss)/gain on realised foreign exchange ⁽⁴⁾	(81,841)	11,890	NM
Unrealised foreign exchange (loss)/gain ⁽⁴⁾	(8,431)	1,281	NM
Amortisation for club membership	(3,701)	(4,140)	(11)
Depreciation of property, plant and equipment ⁽⁵⁾	(901,324)	(1,090,281)	(17)
Depreciation of right-of-use assets ⁽⁶⁾	(634,943)	(533,720)	19
Rental expense ⁽⁷⁾			
- third parties	(201,276)	(248,249)	(19)
- vehicle and equipment	(46,606)	(47,884)	(3)
Staff costs ⁽⁸⁾	(54,010,338)	(58,288,888)	(7)
Property, plant and equipment written off	(818)	(1,401)	(42)

NM: Not meaningful

Notes:-

- (1) The decrease in interest income was mainly due to lower interest rates, in line with the reduction of rate by central bank.
- (2) Gain on disposal of property, plant and equipment in 1H FY2021 and 1H FY2020 relates to disposal of motor vehicles.
- (3) Gain on disposal of intangible asset relates to disposal of club membership in 1H FY2021.
- (4) The foreign exchange losses in 1H FY2021 was mainly due to the weakening of United States Dollar (transaction currency of a subsidiary) against the functional currency of Myanmar Kyat, as compared to the foreign exchange gain in 1H FY2020 which was attributable by the marginal strengthening of United States Dollar against the currency of Myanmar Kyat.
- (5) The decrease in depreciation of property, plant and equipment was mainly due to no replacement of office equipment which were fully depreciated in 1H FY2021.
- (6) The increase in depreciation of right-of-use assets relate to the recognition of additional leased office buildings and motor vehicles.
- (7) The decrease in rental expense was mainly due to relocation of warehouses with lower rental charges and non-recurring rental reduction in 1H FY2021.
- (8) The decrease in staff costs was mainly due to optimisation of headcount in the In-Store Advertising and Digital Marketing segment.

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 2020 RM (Unaudited)	As at 31 May 2020 RM (Audited)	As at 30 November 2020 RM (Unaudited)	As at 31 May 2020 RM (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	1,934,722	2,597,738	-	-
Right-of-use assets	1,349,177	1,956,807	-	-
Intangible assets	2,407,245	2,481,388	-	-
Investment in subsidiaries	-	-	37,013,629	37,013,629
Investment in associated company	962,452	959,354	-	-
Trade and other receivables	76,896	76,596	-	-
Deferred tax assets	79,165	79,238	-	-
Total non-current assets	6,809,657	8,151,121	37,013,629	37,013,629
Current assets				
Inventories	400	-	-	-
Financial assets, at FVPL ⁽¹⁾	3,103,065	1,067,590	-	-
Trade and other receivables	31,456,398	33,229,975	8,873,621	8,364,249
Contract assets	6,303,746	5,882,880	-	-
Cash and cash equivalents	29,521,501	22,054,397	673,460	2,050,179
Tax recoverable	1,063,399	2,480,457	-	-
Total current assets	71,448,509	64,715,299	9,547,081	10,414,428
Total assets	78,258,166	72,866,420	46,560,710	47,428,057
EQUITY AND LIABILITIES				
Equity				
Share capital	51,850,444	51,850,444	51,850,444	51,850,444
Treasury shares	(1,739,017)	(910,382)	(1,739,017)	(910,382)
Capital reserve	(1,354,855)	(1,354,855)	-	-
Merger reserve	(17,453,646)	(17,453,646)	-	-
Currency translation reserve	140,710	111,269	-	-
Retained earnings/(Accumulated losses)	23,257,974	20,293,156	(3,808,890)	(3,840,118)
Equity attributable to equity holders of the Company, total	54,701,610	52,535,986	46,302,537	47,099,944
Non-controlling interests	1,295,796	822,925	-	-
Total equity	55,997,406	53,358,911	46,302,537	47,099,944
Non-current liabilities				
Lease liabilities	471,668	898,033	-	-
Deferred tax liabilities	4,566	4,566	-	-
Total non-current liabilities	476,234	902,599	-	-
Current liabilities				
Trade and other payables	17,284,840	14,033,627	258,173	328,113
Contract liabilities	2,147,343	2,407,551	-	-
Lease liabilities	974,829	1,163,505	-	-
Tax payable	1,377,514	1,000,227	-	-
Total current liabilities	21,784,526	18,604,910	258,173	328,113
Total liabilities	22,260,760	19,507,509	258,173	328,113
Total equity and liabilities	78,258,166	72,866,420	46,560,710	47,428,057

Note:

(1) "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 2020 (RM)		As at 31 May 2020 (RM)	
Secured	Unsecured	Secured	Unsecured
40,494	-	45,890	-

Amount repayable after one year

As at 30 November 2020 (RM)		As at 31 May 2020 (RM)	
Secured	Unsecured	Secured	Unsecured
78,453	-	99,010	-

The Group's borrowings are in relation to motor vehicles acquired under finance lease agreements, and the liabilities are recorded as lease liabilities due to the adoption of SFRS(I) 16 Lease.

Details of any collateral

The Group's borrowings are secured against certain property, plant and equipment with net carrying value of approximately RM116,144.

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 FY2021	1H FY2020
	RM	RM
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before tax	4,984,616	4,806,485
Adjustments for :-		
Amortisation for club membership	3,701	4,140
Depreciation	901,324	1,090,281
Depreciation of right-of-use assets	634,943	533,720
Interest income	(77,179)	(142,347)
Interest expenses	55,951	44,071
Gain on disposal of property, plant and equipment	(80,329)	(48,766)
Gain on disposal of intangible asset	(23,558)	-
Property, plant and equipment written off	818	1,401
Share of results of associated company	(3,098)	1,027
Unrealised foreign exchange loss/(gain)	8,431	(1,281)
Operating cash flow before working capital changes	<u>6,405,620</u>	<u>6,288,731</u>
Inventories	(400)	-
Trade and other receivables and contract assets	1,352,411	(5,673,599)
Trade and other payables and contract liabilities	3,056,239	842,963
Currency translation adjustments	50,446	(27)
Cash flows generated from operations	<u>10,864,316</u>	<u>1,458,068</u>
Income tax refund/(paid)	226,952	(171,099)
Net cash from operating activities	<u>11,091,268</u>	<u>1,286,969</u>
Cash flow from investing activities		
Purchases of property, plant and equipment	(262,595)	(591,608)
Interest received	77,179	142,347
Proceeds from disposal of property, plant and equipment	103,332	137,300
Proceeds from disposal of intangible asset	94,000	-
(Placement)/Redemption of financial assets at fair value through profit or loss	(2,035,475)	49,447
Net cash used in investing activities	<u>(2,023,559)</u>	<u>(262,514)</u>
Cash flow from financing activities		
Repayment of lease liabilities	(642,354)	(548,917)
Dividends paid to owners of the Company	-	(983,190)
Purchase of treasury shares	(828,635)	(899,864)
(Repayment to)/advance from non-controlling interest	(85,714)	37,615
Advance from/(repayment) of amount due to immediate and ultimate holding company	20,480	(5,000)
Interest paid	(55,951)	(44,071)
Net cash used in financing activities	<u>(1,592,174)</u>	<u>(2,443,427)</u>
Net increase/(decrease) in cash and cash equivalents	7,475,535	(1,418,972)
Cash and cash equivalents at beginning of the period	22,054,397	21,242,006
Effects of exchange rate changes on cash and cash equivalents	(8,431)	1,281
Cash and cash equivalents at end of the period	<u>29,521,501</u>	<u>19,824,315</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	Treasury shares RM	Retained earnings RM	Equity attributable to equity holders of the Company RM	Non-controlling interests RM	Total equity RM
At 1 June 2019	51,850,444	(1,354,855)	(17,453,646)	47,072	-	18,312,362	51,401,377	112,358	51,513,735
Profit for the period	-	-	-	-	-	3,147,906	3,147,906	355,492	3,503,398
Other Comprehensive income									
<i>Currency translation differences arising from consolidation</i>	-	-	-	18,418	-	-	18,418	(41,018)	(22,600)
Other comprehensive income for the financial period, net of tax	-	-	-	18,418	-	-	18,418	(41,018)	(22,600)
Total comprehensive income for the period	-	-	-	18,418	-	3,147,906	3,166,324	314,474	3,480,798
<i>Transactions with owners recognised directly in equity</i>									
Share purchased	-	-	-	-	(899,864)	-	(899,864)	-	(899,864)
Dividends paid	-	-	-	-	-	(983,190)	(983,190)	-	(983,190)
At 30 November 2019	51,850,444	(1,354,855)	(17,453,646)	65,490	(899,864)	20,477,078	52,684,647	426,832	53,111,479

Group	Share capital RM	Capital reserve RM	Merger reserve RM	Currency translation Reserve RM	Treasury shares RM	Retained earnings RM	Equity attributable to equity holders of the Company RM	Non-controlling interests RM	Total equity RM
At 1 June 2020	51,850,444	(1,354,855)	(17,453,646)	111,269	(910,382)	20,293,156	52,535,986	822,925	53,358,911
Profit for the period	-	-	-	-	-	2,964,818	2,964,818	452,332	3,417,150
Other Comprehensive income									
<i>Currency translation differences arising from consolidation</i>	-	-	-	29,441	-	-	29,441	20,539	49,980
Other comprehensive income for the financial period, net of tax	-	-	-	29,441	-	-	29,441	20,539	49,980
Total comprehensive income for the period	-	-	-	29,441	-	2,964,818	2,994,259	472,871	3,467,130
<i>Transactions with owners recognised directly in equity</i>									
Share purchased	-	-	-	-	(828,635)	-	(828,635)	-	(828,635)
Dividends paid	-	-	-	-	-	-	-	-	-
At 30 November 2020	51,850,444	(1,354,855)	(17,453,646)	140,710	(1,739,017)	23,257,974	54,701,610	1,295,796	55,997,406

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)	Treasury shares (RM)	Retained earnings (RM)	Total equity (RM)
At 1 June 2019	51,850,444	-	(4,043,544)	47,806,900
Profit and total comprehensive income for the financial period	-	-	1,139,710	1,139,708
Share purchased	-	(899,864)	-	(899,864)
Dividends paid	-	-	(983,190)	(983,188)
At 30 November 2019	51,850,444	(899,864)	(3,887,024)	47,063,556
At 1 June 2020	51,850,444	(910,382)	(3,840,118)	47,099,944
Profit and total comprehensive income for the financial period	-	-	31,228	31,228
Share purchased	-	(828,635)	-	(828,635)
At 30 November 2020	51,850,444	(1,739,017)	(3,808,890)	46,302,537

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.

	Issued and paid-up ordinary shares	Share capital (RM)
As at 31 May 2020 and 30 November 2020	114,400,000	51,850,444

There were no changes in the Company's share capital since the last reported financial period.

State the number of shares that may be issued on conversion of all the outstanding convertibles, 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.

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 and subsidiary holdings as at 30 November 2020 and 30 November 2019.

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 treasury shares	Percentage of the aggregate number of treasury shares held against the total number of shares outstanding (excluding treasury shares and subsidiary holdings)
As at 30 November 2019	2,681,500	2.40%
Additions from 1 December 2019 to 30 November 2020	2,825,900	
As at 30 November 2020	<u>5,507,400</u>	5.06%

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 2020	As at 31 May 2020
Total number of issued shares excluding treasury shares	108,892,600	111,682,300

There were a total 5,507,400 treasury shares held as at 30 November 2020 (31 May 2020: 2,717,700).

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

There was no sales, transfers, cancellation and/or use of treasury share during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, 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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 May 2020 was not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

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

The financial results for the financial period under review have been prepared using the same accounting policies and methods of computation as presented in the Group's most recently audited financial statements for the financial year ended 31 May 2020.

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.**

The Group and the Company have adopted the new standards under the Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) which became effective for the annual periods beginning on or after 1 January 2020. The adoption of the new standards has no material impact on the current financial results or position of the Group and the Company.

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 FY2021	1H FY2020
Profit attributable to equity holders of the Company (RM)	2,964,818	3,147,906
Weighted average number of ordinary shares	111,115,630	111,718,500
Basic and diluted earnings per share (RM cents)	2.67	2.82

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 2020	As at 31 May 2020	As at 30 November 2020	As at 31 May 2020
Net asset value (“NAV”) (RM)	54,701,610	52,535,986	46,302,537	47,099,944
Number of ordinary shares (excluding treasury shares)	108,892,600	111,682,300	108,892,600	111,682,300
NAV per ordinary share (RM cents)	50.23	47.04	42.52	42.17

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

shopper360 Limited (the “**Company**”, and together with its subsidiaries, 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 has 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.

Revenue

Revenue for 1H FY2021 decreased by 13% or RM 11.3 million, from RM 87.1 million in 1H FY2020 to RM75.9 million in 1H FY2021. The decrease was attributable to decrease in revenue contributions from all three business segments of the Group, due to the 2020 Malaysia Movement Control Orders since March 2020 which affected the Group's operations and sustained weakness in the Malaysia economy.

Cost of sales

Cost of sales decreased by 13% or RM 8.1 million, from RM 64.9 million in 1H FY2020 to RM 56.8 million in 1H FY2021. The decrease was in line with the 13% decrease in revenue.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately RM 3.1 million or 14%, from RM 22.3 million in 1H FY2020 to RM 19.2 million in 1H FY2021. Gross profit margin declined slightly from 25.5% in 1H FY2020 to 25.3% in 1H FY2021, mainly due to decreased revenue from In-store Advertising and Digital Marketing projects that derived higher margin.

Other Income

Other income remained relatively stable at RM 0.2 million in both 1H FY2020 and 1H FY2021.

Administrative Expenses

Administrative expenses decreased by approximately RM 3.2 million or 19%, from RM 17.6 million in 1H FY2020 to RM 14.3 million in 1H FY2021. The decrease was mainly due to cost reduction in In-Store Advertising and Digital Marketing segment of approximately RM 2.9 million.

Finance Costs

Finance costs remained relatively stable in both 1H FY2020 and 1H FY2021, with a slight increase of RM 12 thousand, from RM 44 thousand in 1H FY2020 to RM 56 thousand in 1H FY2021.

Share of Results of Associated Company

Share of results of associated company relates to profit and loss incurred by Instanture Holdings Sdn Bhd and its subsidiary, Boostorder Sdn Bhd, which is 11% owned by the Company. The associated company recorded a profit in 1H FY2021 (as compared to a loss in 1H FY2020).

Profit Before Tax

As a result of the above, profit before tax increased by RM 0.1 million or 4%, from RM 4.8 million in 1H FY2020 to RM 5.0 million in 1H FY2021.

Tax Expense

Tax expense increased by approximately RM 0.3 million or 20%, from RM 1.3 million in 1H FY 2020 to RM 1.6 million in 1H FY2021, mainly due to the increase in taxable profit.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current Assets

The Group's non-current assets decreased by RM 1.4 million or 16%, from RM 8.2 million as at 31 May 2020 to RM 6.8 million as at 30 November 2020. The decrease was mainly due to decrease in property, plant and equipment of RM 0.6 million and right-of-use assets of RM 0.6 million.

Property, plant and equipment decreased by RM 0.7 million as at 30 November 2020 (as compared to 31 May 2020), mainly due to depreciation charge of RM 0.9 million in 1H FY2021, partially offset by purchase of equipment of RM 0.3 million.

Right-of-use assets decreased by RM 0.6 million as at 30 November 2020 (as compared to 31 May 2020), mainly due to amortisation charge of RM 0.6 million, partially offset by addition of right-of-use asset of RM 27 thousand.

Current Assets

The Group's current assets increased by RM 6.7 million or 10%, from RM 64.7 million as at 31 May 2020 to RM 71.4 million as at 30 November 2020. This was mainly due to increase in financial assets at fair value through profit or loss ("FVPL") of RM 2.0 million, contract assets of RM0.4 million, and cash and cash equivalents of RM 7.5 million, partially offset by decrease in trade and other receivables of RM 1.8 million and tax recoverable of RM 1.4 million.

Financial assets at FVPL increased by RM 2.0 million as at 30 November 2020 (as compared to 31 May 2020), mainly due to placement of excess cash in short term deposits which gives higher interest.

Contract assets increased by RM 0.4 million as at 30 November 2020 (as compared to 31 May 2020), mainly due to increase in unbilled services rendered.

Cash and cash equivalents increased by RM 7.5 million as at 30 November 2020 (as compared to 31 May 2020). Please refer to the section on review of the Group's cash flow statement for explanations on the decrease in cash and cash equivalents of the Group.

Trade and other receivables decreased by RM 1.8 million as at 30 November 2020 (as compared to 31 May 2020), mainly due to decrease in revenue and increase in collection from trade debtors in 1H FY2021.

Tax recoverable decreased by RM 1.4 million as at 30 November 2020 (as compared to 31 May 2020), mainly due to refund of tax from the Inland Revenue of Malaysia.

Equity

The Group's equity increased by RM 2.7 million or 5%, from RM 53.3 million as at 31 May 2020 to RM 56.0 million as at 30 November 2020, mainly due to an increase in retained earnings of RM 3.0 million and non-controlling interests of RM 0.5 million, partially offset by treasury shares purchased during 1H FY2021 of RM 0.8 million.

Non-current Liabilities

The Group's non-current liabilities decreased by RM 0.4 million, from RM 0.9 million as at 31 May 2020 to RM 0.5 million as at 30 November 2020, mainly due to the payment of lease liabilities (which mainly relates to rental of office and warehouse).

Current Liabilities

The Group's current liabilities increased by RM 3.2 million or 17%, from RM 18.6 million as at 31 May 2020 to RM 21.8 million as at 30 November 2020, mainly due to increase in trade and other payables of RM 4.2 million, partially offset by decrease in contract liabilities of RM 0.3 million, decrease in lease liabilities of RM 0.2 million, and decrease in tax payable of RM 0.6 million.

Trade and other payables increased by RM 3.2 million as at 30 November 2020, mainly due to higher advance payment of project cost from customers in 1H FY2021.

Contract liabilities decreased by RM 0.3 million as at 30 November 2020, mainly due to reduction of pre-billing from clients.

Lease liabilities decreased by RM 0.2 million as at 30 November 2020, mainly due to the payment of lease liabilities (which mainly relates to rental of office and warehouse).

Tax payable increased by RM 0.4 million as at 30 November 2020, mainly due to higher taxable profit generated.

Working Capital

The Group reported a positive working capital of RM 49.7 million as at 30 November 2020, as compared to RM 46.1 million as at 31 May 2020.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash generated from operating activities in 1H FY2021 was RM 11.1 million, due to operating cash flow before changes in working capital of RM 6.4 million, changes in working capital of RM 4.4 million, and income tax refund of RM 0.2 million. Changes in working capital were mainly due to (i) decrease in trade and other receivables and contract assets of RM 1.4 million; and (ii) increase in trade and other payables and contract liabilities of RM 3.0 million.

Net cash used in investing activities amounted to RM 2.0 million in 1H FY2021, mainly relates to (i) purchase of property, plant and equipment of RM 0.3 million and (ii) placement of financial assets at fair value through profit or loss of RM 2.0 million, partially offset by (iii) interest received from bank of RM 77 thousand, (iv) proceeds from disposal of property plant and equipment of RM 0.1 million, and (v) proceeds from disposal of intangible asset of RM 94 thousand.

Net cash used in financing activities of RM 1.6 million mainly relates to repayment of lease liabilities of RM 0.6 million, and purchase of treasury shares of RM 0.8 million.

As a result of the above, net cash and cash equivalents increased by RM 7.5 million in 1H FY2021.

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 recent announcement of Movement Control Order for Malaysia commencing 13 January 2021 will impact the Malaysia economy but it will not be as severe as the Movement Control Order enforced in 2020⁽¹⁾. The Group will closely monitor the impact from the Emergency Order announced by the Malaysian King which takes effect from 13 January 2021 to 1 August 2021. In the meantime, the management of the Group will continue to be stringent in terms of expenditure and accelerate its focus to invest in digital businesses which are complementary to the Group. The Malaysia Prime Minister has announced that there will be a plan to vaccinate 60% to 70% of the Malaysia population against Covid-19⁽²⁾, which is expected to reinvigorate consumption, and in turn benefit the Group's clients and retail partners.

For In-Store Advertising and Digital Marketing, the strict social distancing measures implemented by retail operators have affected shopping traffic and retail sales⁽³⁾ leading to sustained cautiousness employed by advertisers in the short term. Nevertheless, the Group will continue to pivot offerings by testing out digital screen advertising in-store and virtual event solutions.

Field Force Management segment is largely unaffected by the current situation and business continues to grow on the back of strong strategy and operational excellence. Notwithstanding the above, payroll and recruitment services remain stagnant as clients remain cautious in their approach towards manpower investments.

Events and Sampling Activation segment continues to encounter stiff competition. With the Conditional Movement Control Order in Malaysia in key areas put in place since 9 October 2020, advertisers continue to remain circumspect as current government has cautioned people against hosting events where social distancing is difficult to maintain⁽⁴⁾.

Regionally in Myanmar and Singapore, the Group is striving for growth, and concluded the calendar year positively, with confirmed renewals for in-store advertising for 2021. While Myanmar is still struggling to control the spread of infection, in-store advertising remains largely intact especially for campaigns executed in Yangon. Singapore as a country has won praise for its handling of the virus, with effective contact tracing and strict quarantine rules. Singapore has entered into Phase 3 of re-opening since 28 December 2020 with more resumption of activities in the country. This allows brands to explore with the Group on doing more activation in-store in Singapore.

The Group will continue to focus on meeting customer needs and delivering value, leveraging on its group strength and legacy in the shopper marketing field.

Source:

1: <https://www.thestar.com.my/aseanplus/aseanplus-news/2021/01/12/malaysia-economists-see-less-severe-impact-from-mco-20-state-pf-emergency>

2: <https://www.pmo.gov.my/2021/01/3000-volunteers-in-phase-3-clinical-trial-for-covid-19-vaccine-pm-muhyiddin/>

3: <https://www.theedgemarkets.com/article/still-no-light-end-retail-tunnel>

4: <https://www.theedgemarkets.com/article/covid19-dont-host-any-gatherings-public-warned>

11. Dividend

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

No dividend has been declared or recommended for 1H FY2021.

(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 and reason(s) for the decision.

No dividend has been declared/recommendeded for the financial period ended 30 November 2020, as the Board deems it appropriate to retain the cash for the Group's capital expenditure and for the Group's future growth.

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

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 2020 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 from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

BY ORDER OF THE BOARD

Chew Sue Ann
Executive Chairman and Group Managing Director
13 January 2021