

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 2019**

*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.

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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 FY2020⁽¹⁾ | 1H FY2019⁽²⁾ | |
| | RM (Unaudited) | RM (Unaudited) | |
| Revenue | 87,150,209 | 77,485,154 | 12 |
| Cost of sales | (64,888,659) | (56,987,963) | 14 |
| Gross profit | 22,261,550 | 20,497,191 | 9 |
| Other income | 224,258 | 220,160 | 2 |
| Administrative expenses | (17,632,824) | (16,612,421) | 6 |
| Other operating expenses | (1,401) | (566) | 148 |
| Finance costs | (44,071) | (3,861) | NM |
| Share of results of associated company | (1,027) | - | NM |
| Profit before tax | 4,806,485 | 4,100,503 | 17 |
| Tax expense | (1,303,087) | (1,365,306) | (5) |
| Profit for the period | 3,503,398 | 2,735,197 | 28 |
| Other comprehensive (loss) / income: | | | |
| <i>Item that is or may be reclassified subsequently to profit or loss:</i> | | | |
| Currency translation differences arising from consolidation | (22,600) | 101,979 | NM |
| Other comprehensive (loss) / income for the period, net of tax | (22,600) | 101,979 | NM |
| Total comprehensive income for the period | 3,480,798 | 2,837,176 | 23 |
| Profit attributable to: | | | |
| Equity holders of the Company | 3,147,906 | 2,887,145 | 9 |
| Non-controlling interests | 355,492 | (151,948) | NM |
| Profit for the period | 3,503,398 | 2,735,197 | 28 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | 3,166,324 | 2,952,175 | 7 |
| Non-controlling interests | 314,474 | (114,999) | NM |
| | 3,480,798 | 2,837,176 | 23 |

NM: Not meaningful

Notes:

- (1) "1H FY2020": Half year financial period from 1 June 2019 to 30 November 2019.
(2) "1H FY2019": Half year financial period from 1 June 2018 to 30 November 2018.

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 FY2020 RM (Unaudited) | 1H FY2019 RM (Unaudited) | |
| Interest income | 142,347 | 167,754 | (15) |
| Gain on disposal of property, plant and equipment | 48,766 | - | NM |
| Gain on realized foreign exchange | 11,890 | - | NM |
| Unrealised foreign exchange gain | 1,281 | 19,005 | (93) |
| Finance costs | (44,071) | (3,861) | NM |
| Amortisation for club membership | (4,140) | (4,140) | - |
| Depreciation of property, plant and equipment | (1,090,281) | (1,083,393) | 1 |
| Depreciation of right-of-use assets ⁽¹⁾ | (533,720) | - | NM |
| Rental expense ⁽²⁾ | | | |
| - third parties | (248,249) | (449,722) | (45) |
| - immediate and ultimate holding company | - | (304,700) | (100) |
| - vehicle and equipment | (47,884) | - | NM |
| Staff costs ⁽³⁾ | (58,288,888) | (51,968,180) | 12 |
| Property, plant and equipment written off | (1,401) | (566) | 148 |

Notes:-

- (1) Depreciation of right-of-use assets was due to adoption of the new accounting standard SFRS(I) 16 Leases in 1H FY2020, which came into effect on 1 January 2019.
- (2) The decrease in rental expense was mainly due to adoption of the new accounting standard SFRS(I) 16 Leases in 1H FY2020, which came into effect on 1 January 2019.
- (3) The increase in staff costs was mainly due to increase in numbers of projects for field force management 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 2019 RM (Unaudited) | As at 31 May 2019 RM (Audited) | As at 30 November 2019 RM (Unaudited) | As at 31 May 2019 RM (Audited) |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 3,538,233 | 4,149,414 | - | - |
| Intangible assets | 2,485,527 | 2,489,667 | - | - |
| Investment in subsidiaries | - | - | 37,013,629 | 37,013,629 |
| Investment in associated company | 964,304 | 965,331 | - | - |
| Right-of-use assets | 1,893,262 | - | - | - |
| Trade and other receivables | 156,596 | 156,596 | - | - |
| Deferred tax assets | 740,401 | 740,401 | - | - |
| Total non-current assets | 9,778,323 | 8,501,409 | 37,013,629 | 37,013,629 |
| Current assets | | | | |
| Financial assets, at FVPL ⁽¹⁾ | - | 49,447 | - | - |
| Trade and other receivables | 42,599,941 | 37,418,945 | 8,120,255 | 10,439,646 |
| Contract assets | 7,818,285 | 7,325,682 | - | - |
| Cash and cash equivalents | 19,824,315 | 21,242,006 | 2,177,169 | 713,686 |
| Tax recoverable | 1,996,172 | 2,563,587 | - | - |
| Total current assets | 72,238,713 | 68,599,667 | 10,297,424 | 11,153,332 |
| Total assets | 82,017,036 | 77,101,076 | 47,311,053 | 48,166,961 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 51,850,444 | 51,850,444 | 51,850,444 | 51,850,444 |
| Treasury shares | (899,864) | - | (899,864) | - |
| Capital reserve | (1,354,855) | (1,354,855) | - | - |
| Merger reserve | (17,453,646) | (17,453,646) | - | - |
| Currency translation reserve | 65,490 | 47,072 | - | - |
| Retained earnings | 20,477,078 | 18,312,362 | (3,887,024) | (4,043,544) |
| Equity attributable to equity holders of the Company, total | 52,684,647 | 51,401,377 | 47,063,556 | 47,806,900 |
| Non-controlling interests | 426,832 | 112,358 | - | - |
| Total equity | 53,111,479 | 51,513,735 | 47,063,556 | 47,806,900 |
| Non-current liabilities | | | | |
| Borrowings | 138,581 | 145,129 | - | - |
| Lease liabilities | 1,379,897 | - | - | - |
| Deferred tax liabilities | 13,283 | 13,283 | - | - |
| Total non-current liabilities | 1,531,761 | 158,412 | - | - |
| Current liabilities | | | | |
| Trade and other payables | 23,405,168 | 21,150,734 | 247,497 | 360,061 |
| Contract liabilities | 2,247,151 | 3,626,007 | - | - |
| Borrowings | 40,991 | 49,640 | - | - |
| Lease liabilities | 513,365 | - | - | - |
| Tax payable | 1,167,121 | 602,548 | - | - |
| Total current liabilities | 27,373,796 | 25,428,929 | 247,497 | 360,061 |
| Total liabilities | 28,905,557 | 25,587,341 | 247,497 | 360,061 |
| Total equity and liabilities | 82,017,036 | 77,101,076 | 47,311,053 | 48,166,961 |

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 2019 (RM) | | As at 31 May 2019 (RM) | |
|------------------------------------|------------------|-------------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| 40,991 | - | 49,640 | - |

Amount repayable after one year

| As at 30 November 2019 (RM) | | As at 31 May 2019 (RM) | |
|------------------------------------|------------------|-------------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| 138,581 | - | 145,129 | - |

Details of any collateral

The Group's borrowings are secured against certain property, plant and equipment with net carrying value of approximately RM159,698.

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 FY2020 | 1H FY2019 |
| | RM | RM |
| | (Unaudited) | (Unaudited) |
| Cash flows from operating activities | | |
| Profit before tax | 4,806,485 | 4,100,503 |
| Adjustments for :- | | |
| Amortisation for club membership | 4,140 | 4,140 |
| Depreciation | 1,090,281 | 1,083,393 |
| Interest income | (142,347) | (167,754) |
| Interest expenses | 44,071 | 3,861 |
| Property, plant and equipment written off | 1,401 | 566 |
| Share of results of associated company | 1,027 | - |
| Unrealised foreign exchange gain | (1,281) | (19,005) |
| Operating cash flow before working capital changes | <u>5,803,777</u> | <u>5,005,704</u> |
| Trade and other receivables and contract assets | (5,673,599) | (5,294,671) |
| Trade and other payables and contract liabilities | 842,963 | (2,530,467) |
| Currency translation adjustments | (20,699) | 115,706 |
| Cash flows generated from/(used in) operations | <u>952,442</u> | <u>(2,703,728)</u> |
| Income tax paid | (171,099) | (1,522,064) |
| Net cash from/(used in) operating activities | <u>781,343</u> | <u>(4,225,792)</u> |
| Cash flow from investing activities | | |
| Purchases of property, plant and equipment | (591,608) | (885,634) |
| Interest received | 142,347 | 167,754 |
| Proceeds from disposal of property, plant and equipment | 109,206 | - |
| Redemption/(Placement) of financial assets at fair value through profit or loss | 49,447 | (532,751) |
| Net cash used in investing activities | <u>(290,608)</u> | <u>(1,250,631)</u> |
| Cash flow from financing activities | | |
| Repayment of borrowings | (15,197) | (44,128) |
| Capital contribution from non-controlling interest in a subsidiary | - | 81,200 |
| Dividends paid to owners of the Company | (983,190) | (2,069,707) |
| Purchase of treasury shares | (899,864) | - |
| Advance from non-controlling interest | 37,615 | - |
| Repayment of amount due to immediate and ultimate holding company | (5,000) | - |
| Interest paid | (44,071) | (3,861) |
| Net cash used in financing activities | <u>(1,909,707)</u> | <u>(2,036,496)</u> |
| Net decrease in cash and cash equivalents | <u>(1,418,972)</u> | <u>(7,512,919)</u> |
| Cash and cash equivalents at beginning of the period | 21,242,006 | 19,026,236 |
| Effects of exchange rate changes on cash and cash equivalents | 1,281 | 19,005 |
| Cash and cash equivalents at end of the period | <u>19,824,315</u> | <u>11,532,322</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 Equity 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 |

| 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 |

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 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 |
| | | | | |
| 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 | - | - | (983,190) | (983,188) |
| At 30 November 2019 | 51,850,444 | (899,864) | (3,887,024) | 47,063,556 |

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.

| | Issued and paid-up ordinary shares | Share capital (RM) |
|---|---------------------------------------|--|
| As at 31 May 2019 and 30 November 2019 | 114,400,000 | 51,850,444 |
| | Number of treasury shares | Percentage of the aggregate number of treasury shares held against the total number of shares outstanding |
| As at 30 November 2018 | - | - |
| Additions from 1 December 2018 to 30 November 2019 | 2,681,500 | 2.34% |
| As at 30 November 2019 | <u>2,681,500</u> | <u>2.34%</u> |

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 2019 and 30 November 2018.

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 2019 | As at 31 May 2019 |
|--|------------------------|--------------------|
| Total number of issued shares excluding treasury shares | <u>111,718,500</u> | <u>114,400,000</u> |

There were a total 2,681,500 treasury shares held as at 30 November 2019 (31 May 2019: nil).

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.

There was no sales, transfers, disposals, cancellation and/or use of treasury share 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.

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period reported on, which are consistent with the audited financial statements for the financial year ended 31 May 2019.

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 and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), and Interpretations of Singapore Financial Reporting Standards (International) ("**SFRS(I) INT**") which took effect for the accounting periods beginning on or after 1 June 2019. The adoption of these new and revised financial SFRS(I)s and SFRS(I) INTs has no material impact on the financial performance and financial position of the Group for the financial period ended 30 November 2019, except for SFRS(I) 16 Leases.

Under the new financial reporting standard, for the lessee, almost all leases (except for leases less than 12 months and lease of low-value asset) will be brought onto the Statement of Financial Position by recognising a right-of-use asset and a corresponding liability. For the lessor, the accounting remains largely unchanged.

The Group recognised its existing operating lease arrangements (except leases less than 12 months and lease of low-value assets) where the Group is a lessee as right-of-use assets equal to its lease liabilities as at 1 June 2019 in accordance with SFRS(I) 16.

The nature of expenses related to the leases will correspondingly change. Operating rental expenses previously recognised in the Consolidated Statement of Comprehensive Income will be replaced with depreciation charge for right-of-use asset and financial cost for lease liabilities.

Consolidated Statement of Financial Position (Group)

| | Adjustment on 1 June 2019 (RM) |
|---------------------------------|---|
| <u>Non-current assets:</u> | |
| Right-of-use assets | 1,893,262 |
| <u>Non-current liabilities:</u> | |
| Lease liabilities | (1,379,897) |
| <u>Current liabilities:</u> | |
| Lease liabilities | (513,365) |

Consolidated Statement of Comprehensive Income (Group)

| | 1H FY2020 (RM) Increase/(Decrease) |
|-------------------------------------|---|
| Rental expenses | (571,080) |
| Depreciation of right-of-use assets | 533,720 |
| Finance cost | 37,360 |

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 FY2020 | 1H FY2019 |
|---|------------------|------------------|
| Profit attributable to equity holders of the Company (RM) | 3,147,906 | 2,887,145 |
| Weighted average number of ordinary shares | 111,718,500 | 114,400,000 |
| Basic and diluted earnings per share (RM cents) | 2.82 | 2.52 |

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 2019 | As at 31 May 2019 | As at 30 November 2019 | As at 31 May 2019 |
| Net asset value ("NAV") (RM) | 52,684,647 | 51,401,377 | 47,063,556 | 47,806,900 |
| Number of ordinary shares (excluding treasury shares) | 111,718,500 | 114,400,000 | 111,718,500 | 114,400,000 |
| NAV per ordinary share (RM cents) | 47.16 | 44.93 | 42.13 | 41.79 |

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.

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.

REVIEW OF THE GROUP'S PERFORMANCE

Revenue

Revenue for 1H FY2020 increased by 12% or RM 9.7 million, from RM 77.5 million in 1H FY2019 to RM87.2 million in 1H FY2020. 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. The increase was partially offset by decrease in revenue from In-store Advertising and Digital Marketing of RM 0.4 million.

Cost of sales

Cost of sales increased by 14% or RM 7.9 million, from RM 57.0 million in 1H FY2019 to RM 64.9 million in 1H FY2020. The increase was largely in line with the increase in revenue by 12%. 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 and Gross Profit Margin

Gross profit increased by approximately RM 1.8 million or 9%, from RM 20.5 million in 1H FY2019 to RM 22.3 million in 1H FY2020. Gross profit margin declined slightly from 26.4% in 1H FY2019 to 25.5% in 1H FY2020, mainly due to increased revenue from projects that derived lower margin.

Other Income

Other income remained relatively stable at RM 0.22 million in both 1H FY2019 and 1H FY2020.

Administrative Expenses

Administrative expenses increased by approximately RM 1.0 million or 6%, from RM 16.6 million in 1H FY2019 to RM 17.6 million in 1H FY2020. The increase was mainly due to expenses incurred by a new subsidiary, ShopperPlus (S) Pte Ltd (RM 0.9 million), as well as cost incurred for business expansion by Gazelle Activation Sdn. Bhd, ShopperPlus Sdn Bhd. and Tristar Synergy Sdn Bhd, partially offset by cost reduction in Pos Ad Sdn Bhd of RM 1.1 million.

Finance Costs

Finance costs increased by RM 0.04 million, from RM 4 thousand in 1H FY2019 to RM 0.04 million in 1H FY2020, mainly due to the adoption of the new accounting standard, SFRS(I) 16 Lease, which recognised finance cost on lease liabilities.

Profit before tax

As a result of the above, profit before tax increased by RM 0.7 million or 17%, from RM 4.1 million in 1H FY2019 to RM 4.8 million in 1H FY2020.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current assets

The Group's non-current assets increased by RM 1.3 million or 15%, from RM 8.5 million as at 31 May 2019 to RM 9.8 million as at 30 November 2019. The increase was mainly due to recognition of right-of-use assets of RM 1.9 million as a result of the adoption of new accounting standard SFRS(I) 16 Leases in 1H FY2020, partially offset by decrease in property, plant and equipment of RM 0.6 million. Please refer to section 5 of this announcement for information on the adoption of SFRS(I) 16 Leases.

Property, plant and equipment decreased by RM 0.6 million, mainly due to depreciation charge of RM 1.1 million in 1H FY2020, partially offset by purchase of equipment.

Current assets

The Group's current assets increased by RM 3.6 million or 5%, from RM 68.6 million as at 31 May 2019 to RM 72.2 million as at 30 November 2019. This was mainly due to increase in trade and other receivables of RM 5.2 million and contract assets of RM 0.5 million, partially offset by decrease in cash and cash equivalents, financial assets at fair value through profit or loss and tax recoverable.

Trade and other receivables increased by RM 5.2 million as at 30 November 2019 (as compared to 31 May 2019), mainly due to increase in revenue, as well as contribution from the new subsidiary, ShopperPlus Singapore Pte Ltd of RM1.8 million.

Contract assets increased by RM 0.5 million as at 30 November 2019 (as compared to 31 May 2019), mainly due to increase in unbilled revenue.

Cash and cash equivalents decreased by RM 1.4 million as at 30 November 2019 (as compared to 31 May 2019). 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.

Tax recoverable decreased by RM 0.6 million as at 30 November 2019 (as compared to 31 May 2019), mainly due to refund of tax from the Inland Revenue of Malaysia.

Equity

The Group's equity increased by RM 1.6 million or 3%, from RM 51.5 million as at 31 May 2019 to RM 53.1 million as at 30 November 2019, mainly due to an increase in retained earnings of RM 2.2 million and non-controlling interests of RM 0.3 million, partially offset by treasury shares purchased during 1H FY2020 of RM 0.9 million.

Non-current liabilities

The Group's non-current liabilities increased by RM 1.4 million, from RM 0.2 million as at 31 May 2019 to RM 1.5 million as at 30 November 2019, mainly due to the recognition of lease liabilities of RM 1.4 million (which mainly relates to rental of office and warehouse), as a result of the adoption of new accounting standard, SFRS(I) 16 Lease.

Current liabilities

The Group's current liabilities increased by RM 1.9 million or 8%, from RM 25.4 million as at 31 May 2019 to RM 27.3 million as at 30 November 2019, mainly due to increase in trade and other payables, increase in tax payable of RM 0.6 million, and recognition of lease liabilities of RM 0.5 million, partially offset by decrease in contract liabilities of RM 1.4 million.

Trade and other payables increased by RM 2.2 million, mainly due to the advance payment of project cost from customer in 1H FY2020.

Contract liabilities decreased by RM 1.4 million, mainly due to reduction of pre-billing from clients.

Lease liabilities of RM 0.5 million as at 30 November 2019 (31 May 2019: Nil) was due to the adoption of the new accounting standard, SFRS(I) 16 Leases. Please refer to section 5 of this announcement for information on the adoption of SFRS(I) 16 Leases.

Tax payable increased by RM 0.6 million, mainly due to increase in profitability.

Working Capital

The Group reported a positive working capital of RM 44.9 million as at 30 November 2019, as compared to RM 43.2 million as at 31 May 2019.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash generated from operating activities in 1H FY2020 was RM 0.8 million, due to operating cash flow before changes in working capital of RM 5.8 million and changes in working capital of RM 4.9 million. Changes in working capital were mainly due to (i) increase in trade and other receivables and contract assets of RM 5.7 million; and (ii) increase in trade and other payables and contract liabilities of RM 0.8 million.

Net cash used in investing activities amounted to RM 0.3 million in 1H FY2020, mainly relates to (i) purchase of property, plant and equipment of RM 0.6 million; partially offset by (ii) redemption of financial assets at fair value through profit or loss of RM 0.05 million; (iii) interest received from bank of RM 0.1 million; and (iv) proceeds from disposal of property plant and equipment of RM 0.1 million.

Net cash used in financing activities of RM 1.9 million mainly relates to dividend payments of RM 1.0 million and purchase of treasury shares of RM 0.9 million.

As a result of the above, net cash and cash equivalents decreased by RM 1.4 million in 1H FY2020.

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 is upbeat with continued opportunities to design and deliver integrated services across in-store advertising, merchandising, events, and sampling activation solutions, for businesses we partner with.

For In-Store Advertising and Digital Marketing, the sustained closure of Giant and Cold storage stores⁽¹⁾ in Malaysia will continue to impact the Group's advertising revenue in the short term. However, the remaining Giant and Cold storage stores which are being reorganised to better meet evolving customer needs along with newer small format stores are expected to result in better store performance in the long term, therefore encouraging advertisers to continue their advertising investment in Giant and Cold Storage stores.

The Malaysia government has on-going measures to lessen the financial burden of the Bottom 40 per cent (B40) group by increasing minimum wage. Such initiatives are expected to continue supporting consumer spending on basic necessity items, which in turn is expected to benefit both the Group's clients and retail partners.

The Group's other business segments, namely Field Force Management, and Events and Sampling Activation, will continue to grow on the back of expanding our offerings, gaining new clientele and keeping our talent pool trained and focused on operational excellence.

Regionally in Myanmar and Singapore, the Group continues to experience growth and is working on efforts to scale up its businesses.

⁽¹⁾<https://www.theedgemarkets.com/article/one-petaling-jayas-oldest-supermarkets-shut-down>

11. Dividend

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

No dividend has been declared or recommended for 1H FY2020.

(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/recommended, a statement to the effect and reason(s) for the decision.

No dividend has been declared/recommended for the financial period ended 30 November 2019, 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 2019 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.

16. Use of IPO proceeds

Pursuant to the Company's initial public offering ("IPO") in June 2017, the Company issued and allotted 18,000,000 new shares at S\$0.29 each and received net proceeds from the IPO of approximately S\$ 5.22 million (the "Net Proceeds"). 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 IPO.

As at the date of this announcement, the Net Proceeds have been utilized as follows:

| | Allocation of Net Proceeds ⁽¹⁾ (S\$'000) | Net proceeds utilized as at 30 July 2019 ⁽²⁾ (S\$'000) | Net Proceeds utilized from 31 July 2019 up to 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 | (2,266) | (34) | - |
| Acquisition, strategic alliances and/or joint ventures | 600 | (600) | - | - |
| General working capital purposes | 536 | (536) | - | - |
| Listing expense to be borne by the Company | 1,784 | (1,784) | - | - |
| Total | 5,220 | (5,186) | (34) | - |

Notes:

(1) As disclosed in the Offer Document.

(2) As disclosed in the Company's annual report for the financial year ended 31 May 2019.

BY ORDER OF THE BOARD

Chew Sue Ann
Executive Chairman and Group Managing Director
14 January 2020