

SHOPPER360 LIMITED

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

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE
FINANCIAL YEAR ENDED 31 MAY 2020**

*This announcement has been prepared by the 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 Catalyst.*

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 FULL-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) %
	FY2020 ⁽¹⁾ (RM) (Unaudited)	FY2019 ⁽²⁾ (RM) (Audited)	
Revenue	162,678,099	161,085,002	1
Cost of sales	(122,947,311)	(118,517,661)	4
Gross profit	39,730,788	42,567,341	(7)
Other income	641,775	374,567	71
Administrative expenses	(32,333,006)	(34,334,600)	(6)
Other operating expenses	(10,296)	(32,584)	(68)
Impairment losses on trade receivables and contract assets	(804,858)	(657,171)	22
Finance costs	(175,602)	(10,012)	1654
Share of results of associated company	(5,977)	(134,669)	96
Profit before tax	7,042,824	7,772,872	(9)
Tax expense	(3,409,938)	(2,368,961)	44
Profit for the year	3,632,886	5,403,911	(33)
Other comprehensive income			
Item that is or may be reclassified subsequently to profit or loss:			
- currency translation differences arising from consolidation	64,197	52,825	22
Item that will not be reclassified subsequently to profit or loss:			
- currency translation differences arising from consolidation	41,665	35,233	18
Other comprehensive income for the year, net of tax	105,862	88,058	20
Total comprehensive income for the year	3,738,748	5,491,969	(32)
Profit attributable to:			
Equity holders of the Company	2,963,984	5,185,187	(43)
Non-controlling interests	668,902	218,724	206
Profit for the year	3,632,886	5,403,911	(33)
Total comprehensive income attributable to:			
Equity holders of the Company	3,028,181	5,238,012	(42)
Non-controlling interests	710,567	253,957	180
Total comprehensive income for the year	3,738,748	5,491,969	(32)

Notes:

(1) "FY2020": Financial year ended 31 May 2020.

(2) "FY2019": Financial year ended 31 May 2019.

1(a)(ii) Notes to combined statements of profit or loss and other comprehensive income

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

	Group		Increase/ (Decrease) %
	FY2020 (RM) (Unaudited)	FY2019 (RM) (Audited)	
Loss on foreign exchange ⁽¹⁾	(222,597)	(118,015)	89
Interest income	287,719	282,607	2
Finance costs			
- Lease liabilities	(174,254)	-	NM
- Finance leases	-	(10,012)	(100)
- Others	(1,348)	-	NM
Amortisation for club membership	(8,279)	(8,279)	-
Bad debts written off ⁽²⁾	(89,047)	-	NM
Allowance for impairment of trade receivables and contract assets ⁽³⁾	(715,811)	(657,171)	9
Gain on disposal of property, plant and equipment ⁽⁴⁾	48,777	-	NM
Property, plant and equipment written off	(10,296)	(4,836)	113
Depreciation of property, plant and equipment	(2,072,288)	(2,080,338)	NM
Depreciation of right-of-use assets ⁽⁵⁾	(1,345,011)	-	NM
Adjustment for (under)/over provision of tax in respect of prior years ⁽⁶⁾			
- Income tax	(31,665)	78,219	NM
- Deferred tax	(646,028)	42,055	NM

NM: Not meaningful

Notes:

- (1) The increase was mainly due to the weakening of Malaysian Ringgit (reporting currency of the Group) against the currency of Myanmar Kyat.
- (2) Bad debts written off in FY2020 (FY2019: nil) mainly relates to the uncollectible doubtful debts of the In-store Advertising and Digital Marketing segment, due to outlet closures and client's financial difficulties.
- (3) The increase was mainly due to impairment loss on overdue contract assets.
- (4) Gain on disposal of property, plant and equipment in FY2020 (FY2019: nil) relates to disposal of motor vehicles.
- (5) Depreciation of right-of-use assets in FY2020 was due to adoption of new accounting standard SFRS(I) 16 Leases in FY2020, which came into effect on 1 January 2019. Please refer to section 5 of this announcement for further information on the adoption of SFRS(I) 16 Leases.
- (6) The under provision of income tax in respect of prior years was mainly due to under provision of non-deductible expenses, while the under provision of deferred tax expense was mainly due to the reversal of deferred tax assets of a subsidiary after reassessment as at year end.

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 31 May 2020 (RM) (Unaudited)	As at 31 May 2019 (RM) (Audited)	As at 31 May 2020 (RM) (Unaudited)	As at 31 May 2019 (RM) (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	2,597,738	4,149,414	-	-
Intangible assets	2,481,388	2,489,667	-	-
Investment in subsidiaries	-	-	37,013,629	37,013,629
Investment in associated company	959,354	965,331	-	-
Right-of-use assets	1,956,807	-	-	-
Trade and other receivables	76,596	156,596	-	-
Deferred tax assets	79,238	740,401	-	-
Total non-current assets	8,151,121	8,501,409	37,013,629	37,013,629
Current assets				
Financial assets at fair value through profit or loss	1,067,590	49,447	-	-
Trade and other receivables	33,229,975	37,418,945	8,364,249	10,439,646
Contract assets	5,882,880	7,325,682	-	-
Cash and cash equivalents	21,804,397	21,242,006	2,050,179	713,686
Tax recoverable	2,242,096	2,563,587	-	-
Total current assets	64,226,938	68,599,667	10,414,428	11,153,332
Total assets	72,378,059	77,101,076	47,428,057	48,166,961
EQUITY AND LIABILITIES				
Equity				
Share capital	51,850,444	51,850,444	51,850,444	51,850,444
Treasury shares	(910,382)	-	(910,382)	-
Capital reserve	(1,354,855)	(1,354,855)	-	-
Merger reserve	(17,453,646)	(17,453,646)	-	-
Currency translation reserve	111,269	47,072	-	-
Retained earnings	20,293,156	18,312,362	(3,840,118)	(4,043,544)
Equity attributable to equity holders of the Company, total	52,535,986	51,401,377	47,099,944	47,806,900
Non-controlling interests	822,925	112,358	-	-
Total equity	53,358,911	51,513,735	47,099,944	47,806,900
Non-current liabilities				
Borrowings	-	145,129	-	-
Lease liabilities	974,957	-	-	-
Deferred tax liabilities	4,566	13,283	-	-
Total non-current liabilities	979,523	158,412	-	-
Current liabilities				
Trade and other payables	13,783,627	21,150,734	328,113	360,061
Contract liabilities	2,407,551	3,626,007	-	-
Borrowings	-	49,640	-	-
Lease liabilities	1,086,581	-	-	-
Tax payable	761,866	602,548	-	-
Total current liabilities	18,039,625	25,428,929	328,113	360,061
Total liabilities	19,019,148	25,587,341	328,113	360,061
Total equity and liabilities	72,378,059	77,101,076	47,428,057	48,166,961

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 31 May 2020 (RM)		As at 31 May 2019 (RM)	
Secured	Unsecured	Secured	Unsecured
45,890	-	49,640	-

Amount repayable after one year

As at 31 May 2020 (RM)		As at 31 May 2019 (RM)	
Secured	Unsecured	Secured	Unsecured
99,010	-	145,129	-

Details of any collateral

The Group's borrowings (recognized under lease liabilities) are secured against certain property, plant and equipment with net carrying value of approximately RM137,921.

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	
	FY2020	FY2019
	(RM) (Unaudited)	(RM) (Audited)
Cash flows from operating activities		
Profit before tax	7,042,824	7,772,872
<u>Adjustments for:-</u>		
Amortisation for club membership	8,279	8,279
Impairment losses on trade receivables and contract assets	804,858	657,171
Depreciation of property, plant and equipment	2,072,288	2,080,338
Depreciation of right-of-use assets	1,345,011	-
Interest income	(287,719)	(282,607)
Interest expenses	175,602	10,012
Property, plant and equipment written off	10,296	4,836
Gain on disposal of property, plant and equipment	(48,777)	-
Share of results of associated company	5,977	134,669
Unrealised foreign exchange losses	56,918	24,581
Operating cash flow before movement in working capital	11,185,557	10,410,151
Trade and other receivables, and contract assets	4,906,914	(4,687,984)
Trade and other payables, and contract liabilities	(8,499,720)	2,858,749
Currency translation adjustments	114,006	97,645
Cash generated from operations	7,706,757	8,678,561
Tax paid	(2,276,683)	(3,801,617)
Net cash from operating activities	5,430,074	4,876,944
Cash flows from investing activities		
Purchases of property, plant and equipment	(809,348)	(1,283,639)
Interest received	287,719	282,607
Proceeds from disposal of property, plant and equipment	137,600	-
Placement of financial assets at fair value through profit or loss	(1,018,143)	(34,740)
Net cash used in investing activities	(1,402,172)	(1,035,772)
Cash flow from financing activities		
Repayment of borrowings	-	(67,881)
Repayment of lease liabilities	(1,253,574)	-
Capital contribution from non-controlling interest in a subsidiary	-	81,200
Dividends paid to owners of the Company/subsidiaries	(983,190)	(2,069,707)
Purchase of treasury shares	(910,382)	-
(Repayment to)/Advance from non-controlling interest	(87,191)	468,651
Repayment of amount due to immediate and ultimate holding company	-	(3,072)
Interest paid	(174,254)	(10,012)
Net cash used in financing activities	(3,408,591)	(1,600,821)
Net increase in cash and cash equivalents	619,311	2,240,351
Cash and cash equivalents at beginning of financial year	21,242,006	19,026,236
Effect of exchange rate changes on cash and cash equivalents	(56,920)	(24,581)
Cash and cash equivalents at end of the financial year	21,804,397	21,242,006

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

Group	Share capital RM	Capital reserve RM	Merger reserve RM	Currency translation reserve RM	Treasury shares RM	Retained earnings RM
At 1 June 2019	51,850,444	(1,354,855)	(17,453,646)	47,072	-	18,312,362
Profit for the year	-	-	-	-	-	2,963,984
Other comprehensive income						
Currency translation differences arising from consolidation	-	-	-	64,197	-	-
Other comprehensive income for the financial year, net of tax	-	-	-	64,197	-	-
Total comprehensive income for the year	-	-	-	64,197	-	2,963,984
<i>Transactions with owners recognised directly in equity</i>						
Purchase of treasury shares	-	-	-	-	(910,382)	-
Dividends paid	-	-	-	-	-	(983,190)
At 31 May 2020	51,850,444	(1,354,855)	(17,453,646)	111,269	(910,382)	20,293,156

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 year	-	-	-	-	5,185,187	5,185,187	218,724	5,403,911
Other comprehensive income								
Currency translation differences arising from consolidation	-	-	-	52,825	-	52,825	35,233	88,058
Other comprehensive income for the financial year, net of tax	-	-	-	52,825	-	52,825	35,233	88,058
Total comprehensive income for the year	-	-	-	52,825	5,185,187	5,238,012	253,957	5,491,969
<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 31 May 2019	51,850,444	(1,354,855)	(17,453,646)	47,072	18,312,362	51,401,377	112,358	51,513,735

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 year	-	-	2,477,522	2,477,522
Dividends	-	-	(2,069,707)	(2,069,707)
At 31 May 2019	51,850,444	-	(4,043,544)	47,806,900
At 1 June 2019	51,850,444	-	(4,043,544)	47,806,900
Profit and total comprehensive income for the financial year	-	-	1,186,616	1,186,616
Purchase of treasury shares	-	(910,382)	-	(910,382)
Dividends	-	-	(983,190)	(983,190)
At 31 May 2020	51,850,444	(910,382)	(3,840,118)	47,099,944

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. 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. 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 2019, 30 November 2019 and 31 May 2020	114,400,000	51,850,444

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

	Number of treasury shares	Percentage of the aggregate number of treasury shares held against the total number of shares outstanding
As at 31 May 2019	-	-
Additions from 1 June 2019 to 31 May 2020	2,717,700	2.4%
As at 31 May 2020	<u>2,717,700</u>	<u>2.4%</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 31 May 2020 and 31 May 2019.

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.

	At 31 May 2020	At 31 May 2019
Total number of issued shares excluding treasury shares	<u>111,682,300</u>	<u>114,400,000</u>

There were a total 2,717,700 treasury shares held as at 31 May 2020 (31 May 2019: nil).

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

There were no sales, transfers, cancellation and/or use of treasury shares 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 that 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 2019 are 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.**

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 year 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.**

During FY2020, the Group adopted SFRS(I) 16 Leases which took effect for the accounting period beginning on or after 1 January 2019.

Under SFRS(I) 16 Leases, 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 Leases.

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 finance cost for lease liabilities.

- 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.**

	FY2020	FY2019
Profit attributable to owners of the Company (RM)	2,963,984	5,185,187
Weighted average number of ordinary shares in issue	113,142,844	114,400,000
Basic and diluted earnings per share (RM cents)	2.62	4.53

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 31 May 2020	As at 31 May 2019	As at 31 May 2020	As at 31 May 2019
Net asset value (“NAV”) (RM)	52,535,986	51,401,377	47,099,944	47,806,900
Number of ordinary shares (excluding treasury shares)	111,682,300	114,400,000	111,682,300	114,400,000
NAV per ordinary share (RM cents)	47.04	44.93	42.17	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.**

REVIEW OF THE GROUP’S PERFORMANCE

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.

Revenue

Revenue increased by 1% or RM1.6 million, from RM161.1 million in FY2019 to RM162.7 million in FY2020 due mainly to the following:-

- (i) revenue from Field Force Management segment increased by approximately RM9.4 million or 10% in FY2020, mainly contributed by new customers amounting to RM3.0 million, and additional field force management service required by existing customers as they expanded their business scope and coverage. The increase in revenue was partially offset by decline in revenue from the other business segments below;
- (ii) revenue from Sampling Activities and Events Management segment decreased by approximately RM0.9 million or 4% in FY2020. The decrease was caused by Covid-19 pandemic where operations were affected from mid-March 2020 until the financial year ended 31 May 2020; and
- (iii) revenue from In-store Advertising and Digital Marketing segment decreased by approximately RM6.9 million or 18% in FY2020, mainly attributable to decline in business derived from the Malaysia market due to sustained weakness in the Malaysian economy, closure of GCH Retail outlets, Covid-19 pandemic lockdown and more cautious advertising

expenditure by suppliers. This is partially offset by revenue growth from Myanmar and first full year revenue contribution by Singapore.

Cost of Sales

Cost of sales increased by 4% or RM4.4 million, from RM118.5 million in FY2019 to RM122.9 million in FY2020. The higher rate of increase in cost of sales as compared to the rate of increase in revenue in FY2020 was mainly due to a change in revenue mix, as revenue derived from Field Force Management segment (which derives lower margins) increased whereas In-Store Advertising segment (which derives higher margins) recorded negative growth in FY2020.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately RM2.9 million or 7%, from RM42.6 million in FY2019 to RM39.7 million in FY2020, with a decline in gross profit margin from 26.4% in FY2019 to 24.4% in FY2020. This was due to a change in revenue mix in the In-store Advertising and Digital Marketing segment as a result of lower revenue generated from the higher gross margin media business in FY2020. The decrease was partially offset by the increased gross profit in Field Force Management segment.

Other Income

Other income increased by approximately RM0.2 million or 71%, from RM0.4 million in FY2019 to RM0.6 million in FY2020, due to gain on disposal of property, plant and equipment and wage support from the Singapore government under the job support scheme.

Administrative Expenses

Administrative expenses decreased by approximately RM2.0 million or 6%, from RM34.3 million in FY2019 to RM32.3 million in FY2020. The decrease was mainly due to absence of bonus payout for permanent staffs in FY2020 as the Group took a cautious position considering the impact of the Covid-19 pandemic during the fourth quarter of FY2020 and moving into the financial year ending 31 May 2021.

Impairment Losses on Trade Receivables and Contract Assets

Impairment losses on trade receivables and contract assets increased by approximately RM0.2 million or 22%, from RM0.6 million in FY2019 to RM0.8 million in FY2020. The increase was mainly due to impairment losses of contract assets of RM0.4 million, partly offset by decrease in impairment losses of trade receivables of RM0.2 million.

Finance Costs

Finance costs increased by RM0.2 million, from RM10,000 in FY2019 to RM0.2 million in FY2020, mainly due to adoption of the new accounting standard, SFRS(I) 16 Lease with effect from 1 June 2019, which recognised finance cost on lease liabilities.

Share of Results of Associated Company

Share of results of equity-accounted associate relates to losses incurred by Instanture Holdings Sdn Bhd and its subsidiary, Boostorder Sdn Bhd, which is 11% owned by the Company. It decreased by 96%, from RM0.1 million in FY2019 to RM6,000 in FY2020, mainly due to positive business growth.

Profit Before Tax

As a result of the above, profit before tax decreased by approximately RM0.7 million or 9%, from RM7.8 million in FY2019 to RM7.0 million in FY2020.

Tax Expense

Tax expense increased by approximately RM1.0 million or 44%, from RM2.4 million in FY2019 to RM3.4 million in FY2020, mainly due to the reversal of deferred tax assets of RM0.7 million and the increase in income tax provision of RM0.3 million.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current Assets

The Group's non-current assets decreased by RM0.3 million, from RM8.5 million as at 31 May 2019 to RM8.2 million as at 31 May 2020. The decrease was mainly due to decrease in (i) property, plant and equipment of RM1.6 million, (ii) trade and other receivables of RM80,000, and (iii) deferred tax assets of RM0.6 million, partially offset by the recognition of right-of-use assets of RM1.9 million as a result of adoption of new accounting standard SFRS(I) 16 Lease in FY2020. Please refer to section 5 of this announcement for information on the adoption of SFRS(I) 16 Lease.

Property, plant and equipment decreased by RM1.6 million, mainly due to depreciation charge of RM2.1 million, partially offset by addition in property, plant and equipment of RM0.8 million.

Trade and other receivables decreased by RM80,000, mainly due to the collection from other debtor.

Deferred tax assets decreased by RM0.6 million, mainly due to the reversal of deferred tax assets of a subsidiary after reassessment as at year end.

Current Assets

The Group's current assets decreased by RM4.4 million, from RM68.6 million as at 31 May 2019 to RM64.2 million as at 31 May 2020, mainly due to decrease in (i) trade and other receivables of RM4.2 million, (ii) contract assets of RM1.4 million, and (iii) tax recoverable of RM0.4 million, partially offset by the increase in cash and cash equivalents and financials asset at fair value through profit or loss of RM0.6 million and RM1.0 million, respectively.

Trade and other receivables decreased by RM4.2 million, mainly due to collection from trade debtors.

Contract assets decreased by RM1.4 million, mainly due to decrease in provision of revenue relating to unbilled services rendered.

Tax recoverable decreased by RM0.4 million, mainly due to tax installments paid during the year.

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.

Non-current Liabilities

The Group's non-current liabilities increased by RM0.8 million, from RM0.2 million as at 31 May 2019 to RM1.0 million as at 31 May 2020, mainly due to recognition of lease liabilities of RM0.9 million (which mainly relates to rental of office and warehouse), as a result of the adoption of new accounting standard, SFRS(I) 16 Lease, partially offset by repayment of lease liabilities.

Current Liabilities

The Group's current liabilities decreased by RM7.4 million, from RM25.4 million as at 31 May 2019 to RM18.0 million as at 31 May 2020, mainly due to decrease in (i) trade and other payables of RM7.4 million, and (ii) contract liabilities of RM1.2 million, partially offset by (i) recognition of lease liabilities of RM1.0 million, and (ii) increase in tax payable of RM0.2 million.

Trade and other payables decreased by RM7.4 million, mainly due to the higher advance payment project cost from customers in FY2019 and no provision of bonuses in FY2020.

Lease liabilities of RM1.0 million as at 31 May 2020 (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 RM0.2 million, mainly due to taxable profits generated by a subsidiary in FY2020.

Equity

The Group's equity increased by RM1.9 million or 4%, from RM51.5 million as at 31 May 2019 to RM53.4 million as at 31 May 2020, mainly due to an increase in retained earnings of RM2.0 million and non-controlling interest of RM0.7 million, partially offset by treasury shares purchased during FY2020 of RM0.9 million.

Working Capital

The Group reported a positive net working capital of RM46.2 million as at 31 May 2020, as compared to RM43.2 million as at 31 May 2019.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash generated from operating activities in FY2020 was RM5.4 million, due to operating cash flow before changes in working capital of RM11.2 million, changes in working capital of RM3.5 million, and payment of income tax expense of RM2.3 million. Changes in working capital were due to (i) decrease in trade and other receivables, and contract assets of RM4.9 million, and (ii) decrease in trade and other payables, and contract liabilities of RM8.5 million.

Net cash used in investing activities in FY2020 was RM1.4 million, mainly due to purchase of property, plant and equipment of RM0.8 million and placement of financial assets at fair value through profit or loss of RM1.0 million, partially offset by interest received from bank of RM0.3 million and proceed from disposal of property, plant and equipment of RM0.1 million.

Net cash used in financing activities of RM3.4 million mainly relates to repayment of lease liabilities of RM1.2 million, dividends paid of RM1.0 million, purchase of treasury shares of RM0.9 million, and interest paid of RM0.2 million.

As a result of the above, net cash and cash equivalents increased by RM0.6 million in 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 Covid-19 pandemic has adversely affected many businesses and operations as countries implemented lockdowns for some months in the first half of 2020, and in particular, Malaysia where the Group's operations are primarily based in, also enforced the Movement Control Order from 18 March 2020 to 9 June 2020, as preventive measures to curb community spread of the virus. The Group remains cautious as the Covid-19 pandemic continues to cast shade on the general market. Ensuring that focus is placed on redefining productivity, cost management and company priorities around our core offerings while continuing to capitalise on opportunities to drive deeper partnerships.

For In-Store Advertising and Digital Marketing, the strict social distancing measures implemented by retail operators have affected shopping traffic and sale receipt per person⁽¹⁾ leading to sustained cautiousness employed by advertisers in the short term. As Covid-19 cases are on a gradual declining trajectory, the government's systematic relaxation of distancing guidelines are expected to result in an uplift in advertiser confidence. We have at the same time leveraged the opportunity to develop and deliver digital solutions during this period, expanding our product offering further.

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. While the Movement Control Order in Malaysia has been lifted since 10 June 2020, advertisers continue to remain circumspect as current government has cautioned people against hosting events where social distancing is difficult to maintain⁽²⁾.

On-going signs of recovery from the impact of the pandemic are gradually emerging, with businesses beginning to ramp up production and the local job market indicating increasing hopes of recruitment. Also the pent-up demand from consumers, following the end of the Movement Control Order restrictions, is expected to reinvigorate consumption, moving forward⁽³⁾ which in turn benefits both our core clients and retail partners.

Regionally in Myanmar and Singapore, the Group is striving for growth, and efforts to further scale are underway. For Singapore, the Group has renewed with FairPrice to extend the network to all 126 stores plus the addition of FairPrice's Unity and Cheers network. The Group is working closely with FairPrice to ramp up activities post-Circuit Breaker.

We are however conscious that a potential second wave of Covid-19 will wreak havoc on the markets we operate in. After experiencing the first lockdown, we are looking into the necessary measures to ensure the Group is adequately prepared should a second wave occur.

We 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.theedgemarkets.com/article/dairy-farm-recovery-path-after-shutting-over-60-stores>

2: <https://www.therakyatpost.com/2020/06/24/social-religious-celebrations-events-parties-allowed-starting-july/>

3: <https://www.thestar.com.my/business/business-news/2020/07/04/malaysia-charts-economic-recovery>

11. Dividend

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

No.

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

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (S\$' cents)	0.28
Tax rate	Tax exempt

(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 the reason(s) for the decision.

The board of directors of the Company ("**Board**") has not recommended dividend for the financial year ended 31 May 2020, as the Board is extremely cautious and is putting austerity measures in place to ensure business sustainability as the top priority under current unprecedented times of the Covid-19 pandemic.

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 FY2020.

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

14. 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.

PART 2 – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR RESULTS ANNOUNCEMENT

15. Segmented revenue and results for business or geographical (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

a. Business segments

FY2020	In-store advertising and digital marketing RM	Field force management RM	Sampling activities and events management RM	Investment holding RM	Eliminations RM	Total RM
Segment revenue						
Sales to external customers	32,051,416	106,986,682	23,640,001	-	-	162,678,099
Intersegment sales	53,107	-	1,336,087	11,592,136	(12,981,330)	-
Total revenue	<u>32,104,523</u>	<u>106,986,682</u>	<u>24,976,088</u>	<u>11,592,136</u>	<u>(12,981,330)</u>	<u>162,678,099</u>
Tax expense	1,066,163	1,624,196	502,221	217,358	-	3,409,938
Segment (loss)/profit	(1,911,995)	5,273,545	405,071	(133,735)	-	<u>3,632,886</u>
Other significant non-cash expense:						
Depreciation and amortisation	1,478,114	896,419	570,862	480,183	-	3,425,578
Property, plant and equipment written off	6,659	987	2,245	405	-	10,296
Impairment losses on trade receivables and contract assets	46,763	561,267	196,828	-	-	804,858
Share of results of associated company	-	-	-	5,977	-	5,977
	<u>1,531,536</u>	<u>1,458,673</u>	<u>769,935</u>	<u>486,565</u>	<u>-</u>	<u>4,246,709</u>
Asset and liabilities						
Total segment assets	29,021,462	31,848,250	11,515,485	96,439,056	(96,446,194)	<u>72,378,059</u>
Segment assets include:						
Additions to non-current assets	58,836	263,698	144,557	421,032	-	888,123
Investment in associated company	-	-	-	959,354	-	959,354
Total segment liabilities	(18,049,245)	(9,893,068)	(4,102,145)	(8,229,696)	21,255,006	<u>(19,019,148)</u>

FY2019	In-store advertising and digital marketing RM	Field force management RM	Sampling activities and events management RM	Investment holding RM	Eliminations RM	Total RM
Segment revenue						
Sales to external customers	38,921,209	97,587,305	24,576,488	-	-	161,085,002
Intersegment sales	18,509	209,438	2,206,852	11,020,712	(13,455,511)	-
Total revenue	<u>38,939,718</u>	<u>97,796,743</u>	<u>26,783,340</u>	<u>11,020,712</u>	<u>(13,455,511)</u>	<u>161,085,002</u>
Tax expense	371,337	1,251,383	600,826	145,416	-	2,368,961
Segment (loss)/profit	(515,774)	4,717,405	1,342,022	(139,742)	-	<u>5,403,911</u>
Other significant non-cash expense:						
Depreciation and amortisation	1,053,227	524,178	182,749	328,463	-	2,088,617
Property, plant and equipment written off	1,562	462	2,807	5	-	4,836
Impairment loss on trade receivables	486,368	-	170,803	-	-	657,171
Share of results of associated company	-	-	-	134,669	-	134,669
	<u>1,541,157</u>	<u>524,640</u>	<u>356,359</u>	<u>463,137</u>	<u>-</u>	<u>2,885,293</u>
Asset and liabilities						
Total segment assets	36,249,034	31,183,268	12,224,054	98,068,611	(100,623,891)	77,101,076
Segment assets include:						
Addition to non-current assets	684,477	295,556	83,250	420,356	-	1,483,639
Investment in associated company	-	-	-	965,331	-	965,331
Total segment liabilities	<u>(21,692,770)</u>	<u>(12,748,776)</u>	<u>(6,078,764)</u>	<u>(10,612,646)</u>	<u>25,545,615</u>	<u>(25,587,341)</u>

b. Geographical segments

The Group operates mainly in Malaysia with revenue generated from customers in Malaysia. Only marginal 6.8% of the Group's revenue was generated from outside Malaysia. Therefore, an analysis of assets and profits of the Group by geographical distribution has not been included.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 for details.

17. A breakdown of sales

	Group		Increase/ (Decrease) %
	FY2020 RM	FY2019 RM	
Sales reported for:			
(a) First half of the financial year	87,150,209	77,485,154	12
(b) Second half of the financial year	75,527,890	83,599,848	(10)
	<u>162,678,099</u>	<u>161,085,002</u>	1
Profit attributed to owners of the Company reported for:			
(a) First half of the financial year	3,147,906	2,887,145	9
(b) Second half of the financial year	(183,922)	2,298,042	(108)
	<u>2,963,984</u>	<u>5,185,187</u>	(43)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	FY2020 RM	FY2019 RM
(a) Ordinary (Final)	-	2,069,707
(b) Preference	-	-
	<u>-</u>	<u>2,069,707</u>

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chew Sue Ann	41	Daughter of Yap Phaik Kwai, the controlling shareholder of the Company, and spouse of James Ling Wan Chye, Executive Director of the Company	Executive Chairman and Group Managing Director since date of incorporation of the Company. Responsible for overseeing operation of the Group.	-
James Ling Wan Chye	42	Son-in-law of Yap Phaik Kwai, the controlling shareholder of the Company, and spouse of Chew Sue Ann, Executive Chairman and Group Managing Director	Director of Corporate Finance and Strategy Responsible for overseeing corporate finance and human resource functions of the Group, as well as executing key strategic initiative of the Group.	Resigned as Executive Director of the Company on 31 May 2020. There are no changes in duties.

BY ORDER OF THE BOARD

Chew Sue Ann
Executive Chairman and Group Managing Director

30 July 2020