

Epicentre Holdings Limited

(Company Registration No. 200202930G)

Unaudited Half Year Financial Statement and Dividend Announcement For The Period Ended 31 December 2018

- 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		
	1H2019 S\$'000	1H2018 S\$'000	Increase/ (Decrease) %
<i>Revenue</i>	9,929	31,458	(68.4)
<i>Cost of sales</i>	(6,693)	(26,499)	(74.7)
Gross Profit	3,236	4,959	(34.7)
<i>Other operating income</i>	201	403	(50.1)
<i>Administrative expenses</i>	(2,902)	(5,059)	(42.6)
<i>Selling and distribution costs</i>	(1,036)	(1,253)	(17.3)
<i>Finance costs</i>	(947)	(1,304)	(27.4)
Loss before income tax	(1,448)	(2,254)	(35.8)
<i>Income tax expense</i>	(74)	(59)	25.4
Loss for the financial year	(1,522)	(2,313)	(34.2)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
<i>Exchange difference on translation of foreign operations</i>	(78)	167	(146.7)
Total comprehensive loss for the financial year	(1,600)	(2,146)	(25.4)
Loss attributable to:			
<i>Owners of the parent</i>	(1,807)	(2,602)	(30.6)
<i>Non-controlling interest</i>	285	289	(1.4)
	(1,522)	(2,313)	(34.2)
Total comprehensive loss attributable to:			
<i>Owners of the parent</i>	(1,885)	(2,432)	(22.5)
<i>Non-controlling interest</i>	285	286	(0.3)
	(1,600)	(2,146)	(25.4)

1(a)(ii) Loss after income tax is arrived at after charging the following:

	Group		
	1H2019 S\$'000	1H2018 S\$'000	Increase/ Decrease %
Depreciation of plant and equipment	262	298	(12.1)
Underprovision of tax in respect of prior years	60	-	-
Plant and equipment written off	19	-	-
Staff cost	1,529	2,578	(40.7)
Net foreign exchange loss	32	16	100.0
Inventory written off	4	5	(20.0)

"N.M" denotes not meaningful

1(b)(i) A consolidated 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	
	31-Dec-18	30-Jun-18	31-Dec-18	30-Jun-18
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
<i>Plant and equipment</i>	1,301	1,470	30	41
<i>Intangible assets</i>	3,443	3,443	-	-
<i>Investment in subsidiaries</i>	-	-	13,721	13,721
	4,744	4,913	13,751	13,762
Current assets				
<i>Inventories</i>	4,582	4,086	-	-
<i>Trade and other receivables</i>	1,221	5,831	3,222	3,203
<i>Prepayments</i>	317	256	210	205
<i>Current income tax recoverable</i>	112	319	-	-
<i>Cash and cash equivalents</i>	2,234	2,582	63	17
	8,466	13,074	3,495	3,425
Less: Current liabilities				
<i>Trade and other payables</i>	3,468	3,847	15,357	13,656
<i>Provisions</i>	199	210	-	-
<i>Deferred revenue</i>	1,073	1,161	-	-
<i>Current income tax payable</i>	59	-	39	-
<i>Borrowings</i>	6,708	8,375	3,220	3,720
	11,507	13,593	18,616	17,376
<i>Net current liabilities</i>	(3,041)	(519)	(15,121)	(13,951)
Less: Non-current liabilities				
<i>Deferred tax liabilities</i>	262	262	15	15
<i>Borrowings</i>	206	1,334	37	140
	468	1,596	52	155
Net assets/(liabilities)	1,235	2,798	(1,422)	(344)
Equity				
<i>Share capital</i>	14,822	14,822	14,822	14,822
<i>Treasury shares</i>	(69)	(69)	(69)	(69)
<i>Foreign currency translation account</i>	(511)	(433)	-	-
<i>Accumulated losses</i>	(13,826)	(12,019)	(16,175)	(15,097)
<i>Equity attributable to owners of the parent</i>	416	2,301	(1,422)	(344)
<i>Non-controlling interest</i>	819	497	-	-
Total equity	1,235	2,798	(1,422)	(344)

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	Group			
	31-Dec-18		30-Jun-18	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
<i>Borrowings</i>				
<i>Repayable within 1 year</i>	5,000	1,708	5,000	3,375
<i>Repayable after 1 year</i>	-	206	-	1,334
	5,000	1,914	5,000	4,709

Details of collaterals:

A borrowing of \$2million obtained from a third party bears interest at 8% per annum and was secured by floating charges over the asset of a subsidiary.

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

Loss before tax

Adjustments for:

Depreciation of plant and equipment

Interest expense

Inventories written off

Plant and equipment written off

Gain on disposal of plant and equipment

Operating cash flows before working capital changes

Working capital changes:

Inventories

Trade and other receivables

Prepayments

Trade and other payables

Deferred revenue

Cash generated from operations

Interest paid

Income tax refund/(paid)

Net cash flow from operating activities

Cash flow from investing activities

Proceeds from disposal of plant and equipment

Purchase of plant and equipment

Net cash used in investing activities

Cash flow from financing activities

Contribution from non-controlling interest

Proceeds from borrowings

Repayment of borrowings

Net cash (used in)/from financing activities

Net change in cash and cash equivalents

Cash and cash equivalents at beginning of financial period

Effects of exchange rates changes on cash and cash equivalents

Cash and cash equivalents at end of financial period

Group	
1H2019 S\$'000	1H2018 S\$'000
(1,448)	(2,254)
262	298
947	1,304
4	5
19	4
(3)	-
(219)	(643)
(590)	816
4,570	1,139
(63)	(322)
(271)	1,357
(87)	(185)
3,340	2,162
(991)	(1,304)
187	(163)
2,536	695
3	-
(107)	(1,021)
(104)	(1,021)
37	-
306	5,230
(3,100)	(4,566)
(2,757)	664
(325)	338
2,582	2,987
(23)	29
2,234	3,354

- 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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	<i>Share Capital</i>	<i>Treasury Shares</i>	<i>Foreign Currency Reserve</i>	<i>Accumulated Losses</i>	<i>Equity attributable to owners of the parent</i>	<i>Non-controlling interests</i>	<i>Total Equity</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>Balance at 1.7.2018</i>	14,822	(69)	(433)	(12,019)	2,301	497	2,798
<i>Loss after income tax</i>	-	-	-	(1,807)	(1,807)	285	(1,522)
<i>Foreign currency differences on translation of foreign operations</i>	-	-	(78)	-	(78)	-	(78)
<i>Total comprehensive income for the year</i>	-	-	(78)	(1,807)	(1,885)	285	(1,600)
<i>Transaction with owners, recognised directly in equity</i>							
<i>Issue of share capital</i>	-	-	-	-	-	37	37
	-	-	-	-	-	37	37
<i>Balance at 31.12.2018</i>	14,822	(69)	(511)	(13,826)	416	819	1,235
<i>Balance at 1.7.2017</i>	14,822	(69)	(722)	(4,899)	9,132	(146)	8,986
<i>Profit after income tax</i>	-	-	-	(2,602)	(2,602)	289	(2,313)
<i>Foreign currency differences on translation of foreign operations</i>	-	-	170	-	170	(3)	167
<i>Total comprehensive income for the period</i>	-	-	170	(2,602)	(2,432)	286	(2,146)
<i>Balance at 31.12.2017</i>	14,822	(69)	(552)	(7,501)	6,700	(146)	6,840

- 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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Company	<i>Share Capital</i> S\$'000	<i>Treasury Shares</i> S\$'000	<i>Accumulated Losses</i> S\$'000	<i>Total Equity</i> S\$'000
<i>Balance at 1.7.2018</i>	14,822	(69)	(15,097)	(344)
<i>Loss after income tax</i>	-	-	(1,078)	(1,078)
<i>Total comprehensive income for the period</i>	14,822	(69)	(16,175)	(1,422)
<i>Balance at 31.12.2018</i>	14,822	(69)	(16,175)	(1,422)
<i>Balance at 1.7.2017</i>	14,822	(69)	(12,632)	2,121
<i>Loss after income tax</i>	-	-	(1,047)	(1,047)
<i>Total comprehensive income for the period</i>	14,822	(69)	(13,679)	1,074
<i>Balance at 31.12.2017</i>	14,822	(69)	(13,679)	1,074

- 1(d)(ii)** Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also 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 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.

There was no change in the Company's share capital arising from right issue, exercise of share options of warrants, conversion of other issues of equity securities since 30 June 2018.

The Company has no outstanding convertibles to be converted into shares as at 31 December 2018 and 30 June 2018.

Share capital

Number of shares at beginning of year
Addition during the period
Number of shares at end of year

31-Dec-18	30-Jun-18
159,474,600	159,474,600
-	-
159,474,600	159,474,600

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

Total number of issued shares
Total number of treasury shares
Total number of issued shares (excluding treasury shares)

31-Dec-18	30-Jun-18
159,701,600	159,701,600
(227,000)	(227,000)
159,474,600	159,474,600

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

Number of treasury shares at beginning of period
Additions during the period
Number of treasury shares at end of period

31-Dec-18	30-Jun-18
227,000	227,000
-	-
227,000	227,000

No sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2018.

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

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

- 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 recent audited financial statements have been applied**

On 1 July 2018, the Group has adopted the new financial reporting framework, the Singapore Financial Reporting Standards (International) ("SFRS(I)"), that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 July 2018. This is first set of financial statement prepared in accordance with SFRS (I).

- 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**

Besides as disclosed in Item 4 above, on 1 July 2018, the Group has adopted all the new and revised SFRS (I) and interpretations of SFRS ("SFRS (I) INT") that are effective for annual period beginning on or after 1 January 2018. The Group and the Company have assessed that the adoption of these standards has no material effect on the amount reported.

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

Loss per share

- basic (cents)

- diluted (cents)

Group	
1H2019	1H2018
(1.13)	(1.63)
(1.13)	(1.63)

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

(a) current financial period reported on; and

(b) immediately preceding financial year.

Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on (cents)

Group		Company	
31-Dec-18	30-Jun-18	31-Dec-18	30-Jun-18
(1.38)	(0.40)	(0.89)	(0.22)
0.77	1.75	(0.89)	(0.22)

- 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**

Revenue

For 1H2019, the Group reported revenue of \$9.9million, a drop of 68.4% or \$21.6million as compared to the same period last year of \$31.5million. The significant decrease for the period was mainly due to the disposal of Singapore's Apple related business. The reduction of revenue by \$1.1million from our Malaysia business further led to the decrease in revenue due to competition in local market and slowdown in the economy. However, the decrease in revenue was partially offset by the higher reported revenue by JIPL due to new outlets launched in Singapore during the period.

Gross Profit

Corresponding with the downtrend in revenue, gross profit decreased by \$1.8 million from \$5.0 million to \$3.2 million. Despite the decline in gross profit, gross profit margin improved from 15.76% in 1H2018 to 32.59% in 1H2019. The increased profit margin is largely contributed by JIPL due to the nature of the business as beauty and wellness services. The relevant gross margin achieved was 93% for 1H2019 (1H2018: 96%), while our Malaysia Apple Reseller business achieved a gross margin of 9% for both periods.

Other operating income

Other operating income was \$201,000 as compared to \$403,000 in the same period last year, which was mainly due to the discontinued Apple related business in Singapore.

Administrative expenses

Administrative expenses decreased by \$2.1 million in 1H2019 as compared to 1H2018. The decrease was mainly due to the discontinued Apple related business in Singapore, which resulted in the relevant administrative costs such as depreciation, staff costs and premise expenses.

Selling and Distribution cost

Selling and Distribution cost decreased by \$217,000 in 1H2019 as compared to 1H2018. Despite the disposal of Singapore's Apple related business in 2018, JIPL reported a higher promotion costs due to the launch of the new outlet during the period, and more marketing and promotion costs incurred to boost the revenue.

Finance cost

Finance cost for 1H2019 comprised of interest expenses incurred for borrowings for working capital purposes. The decrease in borrowing cost in 1H2019 was mainly due to the repayment of borrowings during the period and fewer new borrowings as compared the same period last year.

Income Tax

1H2019's provision for income tax primarily relates to the Company.

- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Consolidated statement of financial position review

Non-current assets decreased by \$0.2 million from \$4.9 million as at 30 June 2018 to \$4.7 million as at 31 December 2018.

Current assets decreased by \$4.6 million from \$13.1 million as at 30 June 2018 to \$8.5 million as at 31 December 2018. The decrease was primarily due to the decrease in trade and other receivables and cash and cash equivalents amounting to \$5.0mil. This was partially offset by the increase in inventory of \$0.5 million from our Malaysia business.

Current liabilities decreased by \$2.1 million from \$13.6 million as at 30 June 2018 to \$11.5 million as at 31 December 2018. The decrease was mainly caused by the decrease in trade and other payables of \$0.4 million and repayment of current borrowings.

Non-current liabilities decreased by \$1.1million, which is mainly due to the repayment of non-current borrowings during the year.

Cash flow review

In 1H2019, the Group reported net cash generated from operations of \$2.5 million. Despite the net loss incurred during current financial period, the cash inflow is largely attributable to the more cash inflow in trade and other receivables of \$3.4 million, less purchase due to discontinued business which resulted in the decrease in trade and other payable of \$1.6 million and inventories of \$1.4 million.

In 1H2019, net cash used in investing activities amounting to \$104,000, a decrease of \$917,000 as compared to 1H2018 due to less purchase of plant and machineries by JIPL and completion of renovation work of IT retail stores of our Malaysia business.

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

Not applicable.

- 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 Board expects the operating environment to remain challenging for our Malaysia Apple Reseller business. The Malaysian consumers are expected to hold back on their spending during the next half of the year due to the slow recovery of the economy in Malaysia. The Group would continue to enhance its operational efficiency and monitor its operating expenses in the face of economic uncertainties and rising premises expense.

The Group continues to see the positive effect of the acquisition of JIPL in 2H2017. JIPL Group plans to expand its current core business being the lifestyle, health and wellness services by promoting the current services provided by the current outlets and opening new outlets in Singapore and Malaysia.

- 11 If a decision regarding dividend has been made:**

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend has been declared for the financial period ended 31 December 2018.

- (b) (i) Amount per share**

No dividend has been declared for the financial period ended 31 December 2018.

- (ii) Previous corresponding period**

No dividend has been declared for the financial period ended 31 December 2018.

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).**

Not applicable.

- (d) **The date the dividend is payable.**

Not applicable.

- (e) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

- 12 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared for the financial period ended 31 December 2018 as the Company had no retained earnings for the corresponding period.

- 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)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Listing Manual").

- 14 Update on the use of proceeds from the Placement dated on 21 November 2016.**

Refer to the announcement made on 21 November 2016, the net proceeds of approximately \$5.32 million (after deducting expenses of about \$84,000) raised from the Proposed Placement as follows:

<i>Intended purposes</i>	<i>Amount allocated (S\$'000)</i>	<i>Amount utilized as at date of the announcement (S\$'000)</i>	<i>Balance as at the date of the announcement (S\$'000)</i>
<i>To support business development and provide liquidity for business expansion through acquisition, joint venture and collaborations (50%)</i>	<i>2,660</i>	<i>(2,400)</i>	<i>260</i>
<i>Working capital purposes (50%) - purchases of goods</i>	<i>2,660</i>	<i>(2,660)</i>	<i>-</i>
Total	5,320	(5,060)	260

- 15 Negative Assurance Confirmation on Interim Financial Result Pursuant to Rule 705(5) of the Listing Manual**

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to attention of the Board of Directors of the Company which may render the unaudited interim financial results for the half year ended 31 December 2018 to be false or misleading in any material aspect.

- 16 **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) of the Listing Manual.**

The Company hereby confirms that it has procured signed undertakings from all its directors and relevant executive officers in the format as set out in Appendix 7H of the Listing Manual in accordance with Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors
Lai Choong Hon
Independent Director

Daniel Poong Meng Hui
Independent Director

By Order of the Board

Lim Tiong Hian
Executive Chairman and Acting CEO
13 February 2019

This announcement has been reviewed by the Company's Sponsor, Stamford Corporate Services Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's Sponsor has not independently verified the contents of this announcement.

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

The contact person for the Sponsor is:-
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