

Epicentre Holdings Limited

(Company Registration No. 200202930G)

Unaudited Half Year Financial Statement and Dividend Announcement For The Period Ended 31 December 2015

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 | | |
|---|--------------------------|--------------------------|------------------------------|
| | 1H2016 S\$'000 | 1H2015 S\$'000 | Increase/ (Decrease) % |
| Revenue | 97,667 | 95,804 | 1.9 |
| Cost of sales | (89,587) | (86,827) | 3.2 |
| Gross Profit | 8,080 | 8,977 | (10.0) |
| Other operating income | 1,748 | 1,878 | (6.9) |
| Administrative expenses | (8,797) | (8,785) | 0.1 |
| Selling and distribution costs | (1,484) | (1,673) | (11.3) |
| Finance costs | (231) | (99) | 133.3 |
| (Loss)/Profit before income tax | (684) | 298 | NM |
| Income tax | (69) | (66) | 4.5 |
| (Loss)/Profit after income tax | (753) | 232 | NM |
| Other comprehensive income: | | | |
| Item that may be reclassified subsequently to profit or loss | | | |
| Foreign currency differences on translation of foreign operations | (214) | (162) | 32.1 |
| Total comprehensive income for the period | (967) | 70 | NM |
| (Loss)/Profit attributable to: | | | |
| Owners of the parent | (753) | 232 | NM |
| Non-controlling interests | - | - | - |
| | (753) | 232 | NM |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | (979) | 113 | NM |
| Non-controlling interests | 12 | (43) | NM |
| | (967) | 70 | NM |

1(a)(ii) Profit/(loss) after income tax is arrived at after charging / (crediting) the following:

| | Group | | |
|--|---------------|---------------|-------------------------|
| | 1H2016 | 1H2015 | Increase/ (Decrease) |
| | S\$'000 | S\$'000 | % |
| Depreciation of plant and equipment | 462 | 571 | (19.1) |
| Amortisation of intangible assets | 8 | 25 | (68.0) |
| Allowance for inventory obsolescence | 240 | - | NM |
| Loss on disposal of plant & machinery | - | 1 | NM |
| Staff cost | 4,157 | 3,956 | 5.1 |
| Plant and equipment written off | 7 | - | NM |
| Foreign exchange loss, net | 343 | 115 | 198.3 |
| Write-back of allowance for stock obsolescence | - | (31) | NM |
| Inventory written off | - | 7 | NM |

NM: 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-15 S\$'000 | 30-Jun-15 S\$'000 | 31-Dec-15 S\$'000 | 30-Jun-15 S\$'000 |
| Non-current assets | | | | |
| Intangible assets | 76 | 84 | - | - |
| Plant & equipment | 994 | 1,465 | 213 | 332 |
| Investment in subsidiaries | - | - | 1,836 | 834 |
| | 1,070 | 1,549 | 2,049 | 1,166 |
| Current assets | | | | |
| Inventories | 11,821 | 12,116 | - | - |
| Trade and other receivables | 6,561 | 4,486 | 6,053 | 7,563 |
| Prepayments | 289 | 139 | 39 | 11 |
| Current income tax recoverable | 41 | - | - | - |
| Cash and cash equivalents | 4,397 | 5,171 | 226 | 448 |
| | 23,109 | 21,912 | 6,318 | 8,022 |
| Less: Current liabilities | | | | |
| Trade and other payables | 13,020 | 9,419 | 8,445 | 6,720 |
| Provisions | 269 | 269 | - | - |
| Deferred revenue | 374 | 278 | - | - |
| Current income tax payable | 67 | 89 | - | - |
| Borrowings | 5,165 | 7,104 | 1,165 | 1,264 |
| | 18,895 | 17,159 | 9,610 | 7,984 |
| Net current assets/(liabilities) | 4,214 | 4,753 | (3,292) | 38 |
| Less: Non-current liabilities | | | | |
| Deferred tax liabilities | 69 | 69 | 15 | 15 |
| Deferred revenue | 53 | 104 | - | - |
| | 122 | 173 | 15 | 15 |
| Net assets/(liabilities) | 5,162 | 6,129 | (1,258) | 1,189 |
| Equity | | | | |
| Share capital | 6,709 | 6,709 | 6,709 | 6,709 |
| Treasury shares | (69) | (69) | (69) | (69) |
| Foreign currency translation account | (601) | (375) | - | - |
| (Accumulated losses)/Retained earnings | (398) | 355 | (7,898) | (5,451) |
| Equity attributable to owners of the parent | 5,641 | 6,620 | (1,258) | 1,189 |
| Non-controlling interests | (479) | (491) | - | - |
| Total equity | 5,162 | 6,129 | (1,258) | 1,189 |

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

Borrowings

Repayable within 1 year

| Group | | | |
|---------------------------|-----------------------------|---------------------------|-----------------------------|
| 31-Dec-15 | | 30-Jun-15 | |
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| - | 5,165 | - | 7,104 |
| - | 5,165 | - | 7,104 |
| | | | |

Details of collaterals

The loans are secured by Corporate guarantees.

- 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.

| | Group | |
|--|--------------------------|--------------------------|
| | 1H2016 S\$'000 | 1H2015 S\$'000 |
| (Loss)/Profit before income tax | (684) | 298 |
| Adjustments for: | | |
| Inventory written off | - | 7 |
| Allowance for inventory obsolescence | 240 | - |
| Write-back of allowance for inventory obsolescence | - | (31) |
| Depreciation of plant and equipment | 462 | 571 |
| Plant and equipment written off | 7 | - |
| Amortisation of intangible assets | 8 | 25 |
| Loss on disposal of plant and equipment | - | 1 |
| Reversal of reinstatement cost | - | (33) |
| Interest expense | 231 | 99 |
| Operating cash flows before working capital changes | 264 | 937 |
| Working capital changes: | | |
| Inventories | (337) | 3,905 |
| Trade and other receivables | (2,124) | (1,848) |
| Prepayments | (155) | 6 |
| Trade and other payables | 4,093 | 3,693 |
| Deferred revenue | 45 | - |
| Cash generated from operations | 1,786 | 6,693 |
| Interest expense | (231) | (99) |
| Income tax paid | (132) | (35) |
| Net cash flow from operating activities | 1,423 | 6,559 |
| Investing activities | | |
| Proceeds from disposal of plant and equipment | - | 4 |
| Purchase of plant and equipment | (31) | (617) |
| Additions of intangible assets | - | (10) |
| Net cash used in investing activities | (31) | (623) |
| Financing activities | | |
| Repayment of finance lease payables | - | (6) |
| Repayment of borrowings | (5,938) | (20,348) |
| Proceeds from borrowings | 3,999 | 18,651 |
| Net cash used in financing activities | (1,939) | (1,703) |
| Net increase in cash and cash equivalents | (547) | 4,233 |
| Cash and cash equivalents at beginning of financial period | 5,171 | 6,063 |
| Effects of exchange rates changes on cash and cash equivalents | (227) | (49) |
| Cash and cash equivalents at end of financial period | 4,397 | 10,247 |

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 | Share Capital | Treasury Shares | (Accumulated Losses)/ Retained Earnings | Translation Reserves | Equity attributable to owners of the parent | Non-controlling interests | Total Equity |
|---|---------------|-----------------|---|----------------------|---|---------------------------|--------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 1.7.2015 | 6,709 | (69) | 355 | (375) | 6,620 | (491) | 6,129 |
| Loss after income tax | - | - | (753) | - | (753) | - | (753) |
| Foreign currency differences on translation of foreign operations | - | - | - | (226) | (226) | 12 | (214) |
| Total comprehensive income for the period | - | - | (753) | (226) | (979) | 12 | (967) |
| Balance at 31.12.2015 | 6,709 | (69) | (398) | (601) | 5,641 | (479) | 5,162 |
| Balance at 1.7.2014 | 6,709 | (69) | 3,230 | (120) | 9,750 | (429) | 9,321 |
| Profit after income tax | - | - | 232 | - | 232 | - | 232 |
| Foreign currency differences on translation of foreign operations | - | - | - | (119) | (119) | (43) | (162) |
| Total comprehensive income for the period | - | - | 232 | (119) | 113 | (43) | 70 |
| Balance at 31.12.2014 | 6,709 | (69) | 3,462 | (239) | 9,863 | (472) | 9,391 |

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 | Share Capital S\$'000 | Treasury Shares S\$'000 | Accumulated Losses S\$'000 | Total Equity S\$'000 |
|---|-----------------------------|-------------------------------|----------------------------------|----------------------------|
| Balance at 1.7.2015 | 6,709 | (69) | (5,451) | 1,189 |
| Loss after income tax | - | - | (2,447) | (2,447) |
| Total comprehensive income for the period | 6,709 | (69) | (7,898) | (1,258) |
| Balance at 31.12.2015 | 6,709 | (69) | (7,898) | (1,258) |
| Balance at 1.7.2014 | 6,709 | (69) | (4,538) | 2,102 |
| Loss after income tax | - | - | (2,202) | (2,202) |
| Total comprehensive income for the period | 6,709 | (69) | (6,740) | (100) |
| Balance at 31.12.2014 | 6,709 | (69) | (6,740) | (100) |

- 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 rights issue, bonus issue, 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 30 June 2015.

The Company has no outstanding convertibles to be converted into shares as at 31 December 2015 and 30 June 2015.

Share capital

Number of shares at beginning of period
Less: Treasury shares
Number of shares at end of period

| | 31-Dec-15 | 30-Jun-15 |
|---|------------------|------------------|
| Number of shares at beginning of period | 93,274,600 | 93,274,600 |
| Less: Treasury shares | - | - |
| Number of shares at end of period | 93,274,600 | 93,274,600 |
| | | |

- 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-15 | 30-Jun-15 |
|---|------------------|------------------|
| Total number of issued shares | 93,501,600 | 93,501,600 |
| Total number of treasury shares | (227,000) | (227,000) |
| Total number of issued shares (excluding treasury shares) | 93,274,600 | 93,274,600 |
| | | |

- 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-15 | 30-Jun-15 |
|--|------------------|------------------|
| Number of treasury shares at beginning of period | 227,000 | 227,000 |
| Additions during the period | - | - |
| Number of treasury shares at end of period | 227,000 | 227,000 |
| | | |

No sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2015.

- 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**

Save as disclosed in paragraph 5 below, the accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements for the financial year ended 30 June 2015.

- 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**

On 1 July 2015, the Group adopted the new and revised Financial Reporting Standards ("FRS") and interpretation of FRS ("INT FRS") that are relevant to its operations and are effective in the financial year ending 30 June 2015. The adoption of these new and revised FRS and INT FRS where relevant has no material impact on the Group's accounting policies or the financial statements for the current financial year.

- 6 (Loss)/Earnings 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)/Earnings per share
- basic (cents)
- diluted (cents)

| Group | |
|--------|--------|
| 1H2016 | 1H2015 |
| (0.81) | 0.25 |
| (0.81) | 0.25 |

- 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-15 | 30-Jun-15 | 31-Dec-15 | 30-Jun-15 |
| 5.45 | 6.48 | (1.35) | 1.27 |
| 5.53 | 6.57 | (1.35) | 1.27 |

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

Group revenue for the financial period ended 31 December 2015 ("1H2016") was \$97.6 million, an increase of 1.9%, or \$1.8 million compared to the corresponding period last year ("1H2015"). The revenue growth was largely contributed by the increase in sale volume for Apple CPU and other apple products during the October 2015 to December 2015 period, as well as the Group's continuous effort on improving sales in existing markets. The growth was however, partially offset by the increase in price competition of computer products.

Gross Profit

Despite the growth in revenue, gross profit decreased by \$0.9 million from \$8.98 million to \$8.08 million, caused by the decline in gross profit margin from 9.4% in 1H2015 to 8.3% in 1H2016.

In 1H2016, sales mix for Apple products and 3PP was approximately 90% and 10% respectively, the same sales mix was also reported in 1H2015. The aggressive bundling and promotions that was undertaken by the Group in 1H2016 had contributed to the decrease of the overall gross profit margin.

Other operating income

The decrease in other operating income of \$130,000 was mainly due to the lower sponsorship income reported in 1H2016.

Administrative expenses

Administrative expenses increased marginally by approximately \$12,000 in 1H2016 as compared to 1H2015 resulting from the following factors:

- a) Increase in staff cost of approximately \$200,000 mainly attributable to an increase in staff related expenses;
- b) higher exchange loss of \$228,000 reported in 1H2016 as compared to 1H2015 due to the weakening in Malaysia Ringgit; and
- c) higher provision of inventories obsolescence of \$240,000 as compared to 1H2015.
- d) decrease in rental and related expenses of approximately \$361,000 as a result of discontinuation of lease for certain outlets upon expiry of their respective leases;
- e) decrease in depreciation expense of approximately \$110,000 as compared to 1H2015; and
- f) decrease in business development and related expenses of approximately \$185,000 as compared to 1H2015.

Selling and Distribution cost

Selling and Distribution cost decreased by \$189,000 in 1H2016 as compared to 1H2015. This was due to the success in managing our advertising and promotion expenses during the current financial period.

Finance cost

Finance cost for 1H2016 comprised of interest expenses incurred for borrowings for working capital purpose.

Despite the decrease in borrowings, borrowing cost in 1H2016 was higher than 1H2015 due to higher interest rates in the current financial period.

Income Tax

The income tax provided for in 1H2016 was primarily related to the advance tax paid by our subsidiary in Malaysia.

Arising from the above, the Group reported a net loss after tax of \$753,000 for 1H2016, compared with a net profit of \$232,000 reported in 1H2015.

(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 \$0.47 million from \$1.54 million as at 30 June 2015 to \$1.07 million as at 31 December 2015. The decrease was mainly due to depreciation of plant and equipment and amortization of intangible assets charged during the financial period.

Current assets increased by \$1.2 million from \$21.9 million as at 30 June 2015 to \$23.1 million as at 31 December 2015. The increase was primarily due to the increase in trade receivables by \$2.1 million which is in line with the increase in revenue in 1H2016. This was partially offset by the decrease in cash and cash equivalents and inventories of \$0.8 million and \$0.3 million respectively.

Current liabilities increased by \$1.7 million from \$17.1 million as at 30 June 2015 to \$18.8 million as at 31 December 2015. The increase was mainly caused by the increase in trade and other payables of \$3.6 million and partly offset by the decrease in short term borrowings of \$1.9 million.

Non-current liabilities decreased by \$51,000 mainly due to the deferment of revenue recognition from the sale of Epicentre Membership.

Cash flow review

In 1H2016, the Group reported net cash inflow from operations of \$1.4 million, largely attributable to the increase in trade and other payables of \$4.1 million and partially offset by the increase in trade and other receivables and inventories of \$2.1 million and \$0.3 million respectively.

In 1H2016, the Group purchase of office equipment resulted in a net cash outflow for investing activities amounting to \$31,000.

In 1H2016, the Group also made effort to reduce its short-term financing from the banks. This has resulted in a net cash used in financing activities of \$1.9 million.

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.

With a volatile global economic environment, the Group foresee a challenging year ahead. The Group would

continue to enhance its operational efficiency and monitor its operating expenses. The Group will also be exploring various options to improve its capital structure in the year ahead.

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 2015.

(b) (i) Amount per share

No dividend has been declared for the financial period ended 31 December 2015.

(ii) Previous corresponding period

No dividend has been declared for the financial period ended 31 December 2014.

(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.

No dividend has been declared for the financial period ended 31 December 2015.

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.

14 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 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors
Jimmy Fong Teck Loon
Executive Chairman & CEO

Brenda Yeo
Executive Director

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

The Company confirms that it has already procured undertakings from all of its Directors and executive officer in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

By Order of the Board

Jimmy Fong Teck Loon
Chief Executive Officer
27 January 2016

This announcement has been reviewed by the Company's Sponsor, RHT Capital 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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