

Epicentre Holdings Limited

(Company Registration No. 200202930G)

Unaudited Half Year Financial Statement and Dividend Announcement For The Period Ended 31 December 2013

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		
	1H2014	1H2013	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	93,025	88,973	4.6
Cost of sales	(84,069)	(78,620)	6.9
Gross Profit	8,956	10,353	(13.5)
Other operating income	1,344	1,064	26.3
Administrative expense	(9,145)	(9,475)	(3.5)
Selling and distribution costs	(1,898)	(2,298)	(17.4)
Finance costs	(37)	(41)	(9.8)
Loss before income tax	(780)	(397)	96.5
Income tax	(123)	(132)	(6.8)
Loss after income tax	(903)	(529)	70.7
Other comprehensive income:			
Foreign currency differences on translation of foreign operations	(69)	(35)	97.1
Total comprehensive income for the period	(972)	(564)	72.3
Loss attributable to:			
Owners of the parent	(903)	(411)	119.7
Non-controlling interest	-	(118)	N.A.
	(903)	(529)	70.7
Total comprehensive income attributable to:			
Owners of the parent	(994)	(450)	120.9
Non-controlling interests	22	(114)	(119.3)
	(972)	(564)	72.3

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

	1H2014 S\$'000	1H2013 S\$'000	Increase/ (Decrease) %
Depreciation of plant and equipment	625	835	(25)
Amortisation of club membership	56	56	-
Staff cost	4,127	4,629	(11)
Net foreign exchange loss/(gain)	35	(246)	(114)
Inventory written off	3	17	(82)

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-13 S\$'000	30-Jun-13 S\$'000	31-Dec-13 S\$'000	30-Jun-13 S\$'000
Non-current assets				
Plant & Equipment	1,891	2,402	692	755
Club membership	56	111	56	111
Investment in subsidiaries	-	-	869	869
	1,947	2,513	1,617	1,735
Current assets				
Inventories	22,825	11,685	-	-
Trade and other receivables	7,448	5,789	5,133	2,772
Prepayment	543	456	70	86
Income tax recoverable	1	178	-	-
Cash and cash equivalent	12,136	11,626	357	318
	42,953	29,734	5,560	3,176
Less: Current liabilities				
Trade and other payables	24,700	13,407	811	843
Provisions	184	282	-	-
Deferred revenue	8	8	-	-
Income tax payable	-	-	13	13
Finance lease payable	46	85	46	85
Bank borrowings	8,624	6,155	2,258	604
	33,562	19,937	3,128	1,545
Net current assets	9,391	9,797	2,432	1,631
Less: Non-current liability				
Deferred tax liabilities	69	69	15	15
	69	69	15	15
Net assets	11,269	12,241	4,034	3,351
Equity				
Share capital	6,709	6,709	6,709	6,709
Treasury shares	(69)	(69)	(69)	(69)
Foreign currency translation account	(173)	(82)	-	-
Retained earnings	5,222	6,125	(2,606)	(3,289)
Equity attributable to owners of the parent	11,689	12,683	4,034	3,351
Non-controlling interest	(420)	(442)	-	-
Total equity	11,269	12,241	4,034	3,351

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

	Group			
	31-Dec-13		30-Jun-13	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance lease payable				
Repayable within 1 year	46	-	85	-
	46	-	85	-
Borrowings				
Repayable within 1 year	-	8,624	-	6,155
	-	8,624	-	6,155

Details of collaterals

The bank loans are secured by Corporate guarantees.

The finance lease obligations of the Group are secured by the rights to the leased motor vehicles.

- 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	
	1H2014 S\$'000	1H2013 S\$'000
Loss before tax	(780)	(397)
Adjustments for:		
Inventory written off	3	17
Depreciation of plant and equipment	625	835
Amortisation of club membership	56	56
Gain on disposal of plant and equipment	-	(1)
Reversal of reinstatement cost	(99)	-
Interest expense	37	41
Operating cash flows before working capital changes	(158)	551
Working capital changes:		
Inventories	(11,143)	(310)
Trade and other receivables	(1,301)	(8)
Prepayments	(87)	20
Trade and other payables	11,260	1,485
Cash(used in)/generated from operations	(1,429)	1,738
Interest expense	(37)	(41)
Income tax paid	(153)	(80)
Net cash flow (used in)/from operating activities	(1,619)	1,617
Cash flow from investing activities		
Purchase of plant and equipment	(238)	(316)
Purchase of treasury shares	-	(35)
Net cash used in investing activities	(238)	(351)
Cash flow from financing activities		
Dividends paid	-	(561)
Repayment of finance lease payables	(39)	(37)
Repayment of bank borrowings	(11,417)	(2,712)
Proceeds from bank borrowings	13,886	-
Net cash from/(used in) financing activities	2,430	(3,310)
Net increase/(decrease) in cash and cash equivalents	573	(2,044)
Cash and cash equivalents at beginning of financial period	11,626	12,953
Effects of exchange rates changes on cash and cash equivalents	(63)	-
Cash and cash equivalents at end of financial period	12,136	10,909

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	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 1.7.2013	6,709	(69)	6,125	(82)	12,683	(442)	12,241
Loss after income tax	-	-	(903)	-	(903)	-	(903)
Foreign currency differences on translation of foreign operations	-	-	-	(91)	(91)	22	(69)
Total comprehensive income for the year	-	-	(903)	(91)	(994)	22	(972)
Purchase of treasury shares	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Balance at 31.12.2013	6,709	(69)	5,222	(173)	11,689	(420)	11,269
Balance at 1.7.2012	6,709	(7)	10,233	(24)	16,911	(97)	16,814
Profit after income tax	-	-	(411)	-	(411)	(118)	(529)
Foreign currency differences on translation of foreign operations	-	-	-	(39)	(39)	4	(35)
Total comprehensive income for the year	-	-	(411)	(39)	(450)	(114)	(564)
Purchase of treasury shares	-	(35)	-	-	(35)	-	(35)
Dividends	-	-	(561)	-	(561)	-	(561)
Balance at 31.12.2012	6,709	(42)	9,261	(63)	15,865	(211)	15,654

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	Retained Earnings S\$'000	Total Equity S\$'000
Balance at 1.7.2013	6,709	(69)	(3,289)	3,351
Loss after income tax	-	-	683	683
Total comprehensive income for the year	6,709	(69)	(2,606)	4,034
Purchase of treasury shares	-	-	-	-
Dividends	-	-	-	-
Balance at 31.12.2013	6,709	(69)	(2,606)	4,034
Balance at 1.7.2012	6,709	(7)	957	7,659
Profit after income tax	-	-	394	394
Total comprehensive income for the year	6,709	(7)	1,351	8,053
Purchase of treasury shares	-	(35)	-	(35)
Dividends	-	-	(561)	(561)
Balance at 31.12.2012	6,709	(42)	790	7,457

- 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 2013.

The Company has no outstanding convertibles be converted into shares as at 31 December 2013 and 30 June 2013.

Share capital

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

	31-Dec-13	30-Jun-13
Number of shares at beginning of year	93,274,600	93,481,600
Less: Treasury shares	-	(207,000)
Number of shares at end of year	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-13	30-Jun-13
Total number of issued shares	93,274,600	93,501,600
Total number of treasury shares	-	(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-13	30-Jun-13
Number of treasury shares at beginning of period	227,000	20,000
Additions during the period	-	207,000
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 2013.

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 2013.

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 2013, 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 2014. 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 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.

	Group	
	1H2014	1H2013
Loss per share		
- basic (cents)	(0.97)	(0.44)
- diluted (cents)	(0.97)	(0.44)

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.

	Group		Company	
	31-Dec-13	30-Jun-13	31-Dec-13	30-Jun-13
Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	11.45	13.00	4.25	3.47
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	11.50	13.12	4.31	3.59

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 2013 ("1H2014") was \$93 million, an increase of 4.6%, or \$4 million compared to the corresponding period last year ("1H2013"). The revenue growth was a result of the Group's strategy to focus on improving sales in existing markets. The growth was however, partially offset by the lost in revenue due to the shut down for renovation of the outlet at Marina Bay Sands for about 3 months. In addition, corporate sales revenue for 1H2014 was lowered compared to 1H2013.

Gross Profit

Gross Profit decreased by \$1.4 million from \$10.4 million to \$9 million, caused by the decline in gross profit margin from 11.6% in 1H2013 to 9.6% in 1H2014. Several factors contributed to the lower gross profit margin.

In 1H2013, 88% of the Group revenue was derived from the sale of Apple products and 12% was from third party brand products ("3PP"). However, in 1H2014, revenue derived from the sale of Apple products had grown to 90% of the Group revenue, with 10% contributed by the sale of 3PP products. The decline in the sale of higher margin 3PP had contributed to the reduction in the gross profit. In addition, higher sales volume from lower margin category of Apple products in 1H2014 had eroded the gross profit margin as compared to 1H2013. Aggressive bundling and promotions that was undertaken by the Group had also contributed to the decrease of the overall gross profit margin.

Other operating income

The increase in other operating income of \$280,000 was mainly due to the higher sponsorship income reported in 1H2014.

Administrative expenses

Administrative expenses decreased by \$331,000 in 1H2014 as compared to 1H2013. The decrease was mainly due to:

- a) Decrease in staff cost of approximately \$502,000 was partly due to the cessation of China operation and the reduction in overall headcounts;
- b) Decrease in depreciation of approximately \$210,000 largely due to the cessation of China operation which had taken placed in FY2013;
- c) Decrease in rental expenses of approximately \$30,000 largely due to the cessation of China operation resulted a saving of about \$423,000, offset by the increase in rental from Singapore and Malaysia's operations of about \$393,000;

The decrease in administrative expenses was however partly offset by the exchange loss of \$35,000 reported in 1H2014 as compared to an exchange gain of \$247,000 reported in 1H2013 as a result of the settlement of suppliers' invoices in foreign currency, as well as the increase in business development and related expenses.

Selling and Distribution cost

Selling and Distribution cost decreased by \$400,000 in 1H2014 as compared to 1H2013. This was due to the success in managing our advertising and promotion expenses during the current financial period.

Finance cost

Finance cost for 1H2014 comprises interest expenses incurred for bank borrowings for the China operations (prior to its cessation) and Malaysia operations, as well as for working capital purposes. 1H2013 Finance cost was mainly from the bank borrowing for China operation and working capital purposes. Despite the increase in bank borrowings, borrowing cost in 1H2014 was lowered than 1H2013 due to favourable interest rates.

Income Tax

The income tax provided for in 1H2014 primarily relates to that of our subsidiary in Malaysia.

The net impact of the above resulted in a net loss of \$0.9 million for the Group for 1H2014 as compared to a net loss of \$0.6 million reported in 1H2013.

(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 \$0.6 million from \$2.5 million as at 30 June 2013 to \$1.9 million as at 31 December 2013. The reduction is mainly attributable to the depreciation and amortization expenses of \$0.6 million.

Current assets increased by \$13.2 million from \$29.7 million as at 30 June 2013 to \$42.9 million as at 31 December 2013. The increase was primarily due to the higher inventories for an amount of approximately \$11.1 million which the Group had earmarked for future sales strategies. In addition, the increase in current assets was also attributable to the increase in Trade receivables and cash and cash equivalents by \$1.6 million and \$0.5 million respectively, in line with the increase in revenue in 1H2014.

Current liabilities increased by \$13.6 million from \$19.9 million as at 30 June 2013 to \$33.5 million as at 31 December 2013. The increase was mainly caused by the increase in trade and other payables and short term borrowings of \$11.3 million and \$2.4 million respectively, partly offset by the reduction in provisions of \$0.1 million.

Non-current liabilities of \$69,000 referred to the finance lease obligations which were secured by the rights to the leased motor vehicle.

Cash flow review

In 1H2014, the net cash outflow from operations of \$1.5 million due primarily to higher losses, the increase in trade and other receivables as well as inventories, partly offset by the increase in trade payables.

In 1H2014, the Group renovated 2 retail stores. The costs of renovation, purchase of furniture and fixtures resulted in a net cash outflow for investing activities amounting to \$238,000.

The Group made use of short term financing during 1H2014 to support its net cash outflows from operating and investing activities, resulted in the net cash inflow from financing activities of \$2.4 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.**

The Board expects the operating environment in the next 12 months to remain challenging. However, the Group remains focused to widen its distribution network in existing markets. The Group would continue to enhance its operational efficiency and monitor its operating expenses in the face of economy uncertainties and rising staff cost and premises expense.

- 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 2013.

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

No dividend has been declared for the financial period ended 31 December 2013.

- (ii) Previous corresponding period**

No dividend has been declared for the financial period ended 31 December 2012.

- (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 2013.

- 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)(i)(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 2013 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

By Order of the Board

Jimmy Fong Teck Loon
Chief Executive Officer
14 February 2014

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:-

Name: Mr Lin Song, Registered Professional, RHT Capital Pte. Ltd.

Address: Six Battery Road #10-01, Singapore 049909

Tel: 6381 6757