

Epicentre Holdings Limited

(Company Registration No. 200202930G)

Unaudited Half Year Financial Statement and Dividend Announcement For The Period Ended 31 December 2017

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		
	1H2018 S\$'000	1H2017 S\$'000	Increase/ (Decrease) %
Revenue	31,458	59,821	(47.4)
Cost of sales	(26,499)	(54,013)	(50.9)
Gross Profit	4,959	5,808	(14.6)
Other operating income	403	2,242	(82.0)
Administrative expenses	(5,059)	(6,535)	(22.6)
Selling and distribution costs	(1,253)	(1,118)	12.1
Finance costs	(1,304)	(350)	272.6
(Loss)/Profit before income tax	(2,254)	47	(4,895.7)
Income tax (expense)	(59)	(11)	436.4
(Loss)/Profit for the financial period	(2,313)	36	(6,525.0)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Foreign currency differences on translation of foreign operations	167	(217)	(177.0)
Other comprehensive income/(loss) for the financial period, net of tax	167	(217)	(177.0)
Total comprehensive loss for the financial period	(2,146)	(181)	1,085.6
(Loss)/Profit attributable to:			
Owners of the parent	(2,602)	36	(7,327.8)
Non-controlling interest	289	-	n.m
	(2,313)	36	(6,525.0)
Total comprehensive loss attributable to:			
Owners of the parent	(2,432)	(181)	1,243.6
Non-controlling interest	286	-	n.m
	(2,146)	(181)	1,085.6

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

Group			
1H2018 S\$'000	1H2017 S\$'000	Increase/ Decrease %	
Depreciation of plant and equipment	298	212	40.6
Plant and equipment written off	-	1	(100.0)
Staff cost	2,578	3,272	(21.2)
Net foreign exchange loss	16	2	700.0
Inventory written off	5	12	(58.3)
Write back of allowance for inventory obsolescence	-	(190)	100.0

"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-17 S\$'000	30-Jun-17 S\$'000	31-Dec-17 S\$'000	30-Jun-17 S\$'000
Non-current assets				
Plant and equipment	1,364	635	54	31
Intangible assets	2,607	2,607	-	-
Investment in subsidiaries	-	-	13,721	13,721
	3,971	3,242	13,775	13,752
Current assets				
Inventories	7,106	7,796	-	-
Trade and other receivables	8,541	9,667	3,506	3,187
Prepayments	642	311	172	10
Current income tax recoverable	276	259	-	-
Cash and cash equivalents	3,354	2,987	21	40
	19,919	21,020	3,699	3,237
Less: Current liabilities				
Trade and other payables	6,764	5,350	14,020	14,262
Provisions	200	224	-	-
Deferred revenue	592	773	-	-
Current income tax payable	95	191	95	191
Borrowings	8,921	8,257	1,870	-
	16,572	14,795	15,985	14,453
Net current assets/(liabilities)	3,347	6,225	(12,286)	(11,216)
Less: Non-current liabilities				
Deferred tax liabilities	70	69	15	15
Borrowings	400	400	400	400
Deferred revenue	8	12	-	-
	478	481	415	415
Net assets	6,840	8,986	1,074	2,121
Equity				
Share capital	14,822	14,822	14,822	14,822
Treasury shares	(69)	(69)	(69)	(69)
Foreign currency translation account	(552)	(722)	-	-
Accumulated losses	(7,501)	(4,899)	(13,679)	(12,632)
Equity attributable to owners of the parent	6,700	9,132	1,074	2,121
Non-controlling interest	140	(146)	-	-
Total equity	6,840	8,986	1,074	2,121

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

	Group			
	31-Dec-17		30-Jun-17	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings				
Repayable within 1 year	2,000	6,921	2,000	6,257
Repayable after 1 year	-	400	-	400
	2,000	7,321	2,000	6,657

Details of collaterals:

One of the borrowings is secured by floating charge over the asset of the Company's 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.

	Group	
	1H2018 S\$'000	1H2017 S\$'000
(Loss)/Profit before tax	(2,254)	47
Adjustments for:		
Write-back of allowance for inventory obsolescence	-	(190)
Depreciation of plant and equipment	298	212
Interest expense	1,304	350
Inventories written off	5	12
Plant and equipment written off	4	1
Operating cash flows before working capital changes	(643)	432
Working capital changes:		
Inventories	816	466
Trade and other receivables	1,139	(6,287)
Prepayments	(322)	(159)
Trade and other payables	1,357	1,235
Deferred revenue	(185)	(89)
Cash generated from/(used in) operations	2,162	(4,402)
Interest paid	(1,304)	(350)
Income tax paid	(163)	(65)
Net cash flow from/(used in) operating activities	695	(4,817)
Cash flow from investing activities		
Purchase of plant and equipment	(1,021)	(40)
Net cash used in investing activities	(1,021)	(40)
Cash flow from financing activities		
Proceeds from issuance of placement shares	-	5,404
Share issuance expenses	-	(72)
Placement of cash guarantee	-	(1,372)
Proceeds from borrowings	5,230	12,155
Repayment of borrowings	(4,566)	(7,207)
Net cash from financing activities	664	8,908
Net change in cash and cash equivalents	338	4,051
Cash and cash equivalents at beginning of financial period	2,987	2,546
Effects of exchange rates changes on cash and cash equivalents	29	(46)
Cash and cash equivalents at end of financial period	3,354	6,551
Cash and cash equivalents as per Statement of Financial Position	3,354	7,923
Less : Cash guarantee placement with suppliers	-	(1,372)
Cash and cash equivalents as per consolidated statement cash flow	3,354	6,551

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	Foreign Currency Reserve	Accumulated Losses	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 1.7.2017	14,822	(69)	(722)	(4,899)	9,132	(146)	8,986
Loss after income tax	-	-	-	(2,602)	(2,602)	289	(2,313)
Foreign currency differences on translation of foreign operations	-	-	170	-	170	(3)	167
Total comprehensive loss for the period	-	-	170	(2,602)	(2,432)	286	(2,146)
Share issuance expenses	-	-	-	-	-	-	-
Balance at 31.12.2017	14,822	(69)	(552)	(7,501)	6,700	140	6,840
Balance at 1.7.2016	6,709	(69)	(5,406)	(464)	770	(434)	336
Profit after income tax	-	-	36	-	36	-	36
Foreign currency differences on translation of foreign operations	-	-	-	(217)	(217)	-	(217)
Total comprehensive loss for the period	-	-	36	(217)	(181)	-	(181)
Share issuance	5,404	-	-	-	5,404	-	5,404
Share issuance expenses	(72)	-	-	-	(72)	-	(72)
Balance at 31.12.2016	12,041	(69)	(5,370)	(681)	5,921	(434)	5,487

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 1.7.2017	14,822	(69)	(12,632)	2,121
Loss after income tax	-	-	(1,047)	(1,047)
Total comprehensive income for the period	14,822	(69)	(13,679)	1,074
Share issuance expenses	-	-	-	-
Balance at 31.12.2017	14,822	(69)	(13,679)	1,074
Balance at 1.7.2016	6,709	(69)	(10,571)	(3,931)
Loss after income tax	-	-	(992)	(992)
Total comprehensive income for the period	6,709	(69)	(11,563)	(4,923)
Share issuance	5,404	-	-	5,404
Share issuance expenses	(72)	-	-	(72)
Balance at 31.12.2016	12,041	(69)	(11,563)	409

- 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.**

On 7 April 2017, the board of Directors proposed to undertake a renounceable non-underwritten rights issue (“Rights cum Warrants Issue”) of up to 797,373,000 new ordinary shares (“Right Shares”) at the issue price of \$0.02 per Right Share, with up to 797,373,000 free detachable unlisted warrants (“Warrants”), on the basis of five (5) Rights Shares for every one existing Share held by the shareholders of the Company and one (1) Warrant for every one (1) Rights Share subscribed as at the books closure date, with each Warrant carrying the right to subscribe for one new Shares at the price of \$0.10 per Warrant Shares. On 29 September 2017, the Company has obtained the listing and quotation from SGX-ST. The Company will be seeking for approval from the Shareholders at an Extraordinary General Meeting to be convened. Save as disclosed above, 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 since 30 June 2017.

The Company has no outstanding convertibles to be converted into shares as at 31 December 2017 and 30 June 2017.

Share capital

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

	31-Dec-17	30-Jun-17
	159,474,600	93,274,600
	-	66,200,000
	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-17	30-Jun-17
	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-17	30-Jun-17
	227,000	227,000
	-	-
	227,000	227,000

No sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2017.

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 2017.

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 2017, 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 2017. 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/(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)/Profit per share
- basic (cents)
- diluted (cents)

Group	
1H2018	1H2017
(1.63)	0.03
(1.63)	0.03

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-17	30-Jun-17	31-Dec-17	30-Jun-17
2.65	4.00	0.65	1.33
4.29	5.63	0.65	1.33

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 2017 ("1H2018") was \$31.5 million, of which \$2.0 million was contributed by the newly acquired subsidiaries, Japan IPL Group ("JIPL") on April 2017. JIPL provides beauty and wellness services ("Services"). Revenue decrease by 47.4%, or \$28.3 million due mainly to the decline in sales of Apple products and third party products ("3PP"). The discontinuation of one major outlet store upon expiry of the lease and vacancy of stores due to renovation had largely impacted the Group's revenue during the period. Decline in revenue is further affected by poor retail sentiments as a result of slowdown in the global economy.

Gross Profit

Corresponding with the downtrend in revenue, gross profit decreased by \$0.80 million from \$5.8 million to \$5.0 million. Despite the decline in gross profit, gross profit margin improved from 9.71% in 1H2017 to 15.76% in 1H2018. Better profit margin from JIPL contributed to the increase in gross profit margin.

With the acquisition of JIPL on April 2017, sales mix for Apple products, 3PP and Services were approximately 82%, 11% and 7% respectively, compared with the sales mix for Apple products and 3PP of 90% and 10% reported in 1H2017. The Group will continuously improve gross profit margin by undertaking minor bundling and promotions.

Other operating income

The decrease in other operating income of \$1.84 million was mainly due to the absence of consultancy services provided to 3rd parties on retailing computer products.

Administrative expenses

Administrative expenses decreased by \$1.48 million in 1H2018 as compared to 1H2017. The decrease was mainly due to:

- a) decrease in staff cost of approximately \$694,000 mainly attributable to decrease in headcounts, staff related expenses from IT retail sales and cessation of former executive directors ;
- b) decrease in rental and related expenses of approximately \$204,000 due mainly to the discontinuation of lease of IT retail outlet upon expiry of the leases; and
- c) decrease in professional fee of \$425,000 as there were more corporate actions in 1H2017

Selling and Distribution cost

Selling and Distribution cost increased by \$135,000 in 1H2018 as compared to 1H2017 which mainly due to the marketing related expenses incurred by JIPL.

Finance cost

Finance cost for 1H2018 comprised of interest expenses incurred for borrowings for working capital purposes. Borrowing cost in 1H2018 was higher than 1H2017 due to greater borrowings and higher interest rates in the current financial period.

Income Tax

1H2018's provision for income tax primarily relates to our subsidiary in Malaysia and JIPL.

(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 increased by \$0.77 million from \$3.2 million as at 30 June 2017 to \$3.97 million as at 31 December 2017. The increase was mainly due to the expansion of JIPL and the new concept stores.

Current assets decreased by \$1.1 million from \$21 million as at 30 June 2017 to \$19.9 million as at 31 December 2017. The decrease was primarily due to the \$0.69 million decrease in inventories and \$1.13 million decrease in trade and other receivables. This was partially offset by the increase in prepayment of \$0.33 million.

Current liabilities increased by \$1.77 million from \$14.8 million as at 30 June 2017 to \$16.57 million as at 31 December 2017. The increase was mainly caused by the increase in trade and other payables of \$1.41 million and borrowings of \$0.66 million. This was partially offset by the decrease in deferred revenue of \$0.18 million.

Cash flow review

In 1H2018, the Group reported net cash generated from operations of \$695,000. Despite the net loss incurred during current financial period, the cash inflow is largely attributable to the increase in trade and other payables of \$1.36 million, decrease of trade and other receivable of \$1.14 million and inventories of \$816,000.

In 1H2018, \$1.0 million of net cash used in investing activities is attributed to the \$214,000 purchase of plant and equipment by JIPL and \$786,000 renovation of IT retail stores.

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. 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 economic uncertainties and rising premises expense.

New concept stores under the brand name of Live Out Loud were opened since September 2017. The new concept stores aim to provide greater range of product selections to our customers.

The acquisition of JIPL was completed on 1 April 2017. JIPL provides the opportunity for the Company to expand its current core business to include the new business engaged in the provision of lifestyle, health and wellness services. The new Malaysia outlet was opened in 1H2018 with plans to expand further to rest of Asia. As detailed in the announcement on 26 October 2017, the Group is in discussion for the expansion of its current core business to include dining or entertainment concepts.

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 2017.

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

No dividend has been declared for the financial period ended 31 December 2017.

(ii) Previous corresponding period

No dividend has been declared for the financial period ended 31 December 2017.

(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 2017.

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 (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 use of the net proceeds of approximately \$5.32 million (after deducting expenses of about \$84,000) raised from the placement are as follows:

Intended purposes	Amount allocated (\$\$'000)	Amount utilized as at date of the announcement (\$\$'000)	Balance as at the date of the announcement (\$\$'000)
To support business development and provide liquidity	2,660	(1,771)	889
Working capital purposes - purchases of goods	2,660	(2,660)	-
Total	5,320	(4,431)	889

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 2017 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
Lim Tiong Hian
Executive Chairman & Acting CEO

Lim Jin Wei
Chairman of Audit and Risk Committee

By Order of the Board

Lim Tiong Hian
Executive Chairman and Acting CEO
12 February 2018

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:-

Name: Mr Bernard Liu, Registered Professional, Stamford Corporate Services Pte. Ltd.

Email: bernard.lui@morganlewis.com

Tel: 6389 3000