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Epicentre Holdings Limited

(Company Registration No. 200202930G)

Unaudited Half Year Financial Statement and Dividend Announcement For The Period Ended 31 December 2016

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		
	1H2017 S$'000	**1H2016** S$'000	Increase/ (Decrease) %
Revenue	59,821	97,667	(38.8)
Cost of sales	(54,013)	(89,587)	(39.7)
Gross Profit	5,808	8,080	(28.1)
Other operating income	2,242	1,748	28.3
Administrative expenses	(6,535)	(8,797)	(25.7)
Selling and distribution costs	(1,118)	(1,484)	(24.7)
Finance costs	(350)	(231)	51.5
Profit/(Loss) before income tax	47	(684)	NM
Income tax	(11)	(69)	(84.1)
Profit/(Loss) after income tax	36	(753)	NM
Other comprehensive income:			
Foreign currency differences on translation of foreign operations	(217)	(214)	1.4
Total comprehensive income for the period	(181)	(967)	NM
Profit/(Loss) attributable to:			
Owners of the parent	36	(753)	NM
Non-controlling interests	-	-	-
	36	(753)	NM
Total comprehensive income attributable to:			
Owners of the parent	(181)	(979)	NM
Non-controlling interests	-	12	NM
	(181)	(967)	NM

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

	Group		
	1H2017 S$'000	**1H2016** S$'000	Increase/ (Decrease) %
Depreciation of plant and equipment	212	462	(54.1)
Amortisation of intangible assets	-	8	NM
Plant and equipment written off	1	7	(85.7)
Staff cost	3,272	4,157	(21.3)
Net foreign exchange loss	2	343	(99.4)
Inventory written off	12	-	NM
Provision of slow moving stock	-	240	NM
Write-back of allowance for stock obsolescence	(190)	-	NM

NM: Not Meaningful

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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-16 S$'000	**30-Jun-16** S$'000	**31-Dec-16** S$'000	**30-Jun-16** S$'000
Non-current assets				
Plant & equipment	338	517	42	34
Investment in subsidiaries	-	-	5,865	5,865
	338	517	5,907	5,899
Current assets				
Inventories	7,686	8,156	-	-
Trade and other receivables	9,456	3,147	4,475	3,124
Prepayments	317	159	48	21
Current income tax recoverable	279	234	-	-
Cash and cash equivalents	7,923	2,546	477	80
	25,661	14,242	5,000	3,225
Less: Current liabilities				
Trade and other payables	10,100	8,796	7,833	12,224
Provisions	223	297	-	-
Deferred revenue	431	488	-	-
Current income tax payable	67	66	-	-
Borrowings	9,586	4,638	2,650	816
	20,407	14,285	10,483	13,040
Net current assets/(liabilities)	5,254	(43)	(5,483)	(9,815)
Less: Non-current liabilities				
Deferred tax liabilities	69	69	15	15
Deferred income	36	69	-	-
	105	138	15	15
Net assets/(liabilities)	5,487	336	409	(3,931)
Equity				
Share capital	12,041	6,709	12,041	6,709
Treasury shares	(69)	(69)	(69)	(69)
Foreign currency translation account	(681)	(464)	-	-
Accumulated losses	(5,370)	(5,406)	(11,563)	(10,571)
Equity attributable to owners of the parent	5,921	770	409	(3,931)
Non-controlling interests	(434)	(434)	-	-
Total equity	5,487	336	409	(3,931)

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

	Group			
	31-Dec-16		30-Jun-16	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Borrowings				
Repayable within 1 year	-	9,586	-	4,638
	-	9,586	-	4,638

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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.

	1H2017 S$'000	1H2016 S$'000
Profit/(Loss) before income tax	47	(684)
Adjustments for:		
Inventory written off	12	-
Allowance for inventory obsolescence	-	240
Write-back of allowance for inventory obsolescence	(190)	-
Depreciation of plant and equipment	212	462
Plant and equipment written off	1	7
Amortisation of intangible assets	-	8
Interest expense	350	231
Operating cash flows before working capital changes	432	264
Working capital changes:		
Inventories	466	(337)
Trade and other receivables	(6,287)	(2,124)
Prepayments	(159)	(155)
Trade and other payables	1,235	4,093
Deferred revenue	(89)	45
Cash generated from operations	(4,402)	1,786
Interest paid	(350)	(231)
Income tax paid	(65)	(132)
Net cash flow (used in)/generated from operating activities	(4,817)	1,423
Investing activities		
Purchase of plant and equipment	(40)	(31)
Net cash used in investing activities	(40)	(31)
Financing activities		
Proceeds from issuance of shares	5,404	-
Shares issuance expenses	(72)	-
Placement of cash guarantee	(1,372)	
Repayments of borrowings	(7,207)	3,999
Proceeds from borrowings	12,155	(5,938)
Net cash generated from/(used in) financing activities	8,908	(1,939)
Net increase in cash and cash equivalents	4,051	(547)
Cash and cash equivalents at beginning of financial period	2,546	5,171
Effects of exchange rates changes on cash and cash equivalents	(46)	(227)
Cash and cash equivalents at end of financial period	6,551	4,397
Cash and cash equivalents as per Statement of Financial Position	7,923	4,397
Less : Cash guarantee placement with suppliers	(1,372)	-
Cash and cash equivalents as per consolidated Statement Cash Flow	6,551	4,397

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 1.7.2016	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 income for the period	-	-	36	(217)	(181)	-	(181)
Shares issuance	5,404	-	-	-	5,404	-	5,404
Shares issuance expenses	(72)	-	-	-	(72)	-	(72)
Balance at 31.12.2016	12,041	(69)	(5,370)	(681)	5,921	(434)	5,487
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

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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 1.7.2016	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)
Shares issuance	5,404	-	-	5,404
Shares issuance expenses	(72)	-	-	(72)
Balance at 31.12.2016	12,041	(69)	(11,563)	409
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)

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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.

Through the Placement exercise on 21 November 2016, the Company's share capital increased with 45,800,000 shares issuance for $5,404,000 cash consideration. For details of the Placement, refer to announcement dated on 21 November 2016. 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 2016.

The Company has no outstanding convertibles to be converted into shares as at 31 December 2016 and 30 June 2016.

Share capital	**31-Dec-16**	**30-Jun-16**
Number of shares at beginning of period	93,274,600	93,274,600
Addition during the period	45,800,000	-
Number of shares at end of period	139,074,600	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.

	31-Dec-16	**30-Jun-16**
Total number of issued shares	139,301,600	93,501,600
Total number of treasury shares	(227,000)	(227,000)
Total number of issued shares (excluding treasury shares)	139,074,600	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.

	31-Dec-16	**30-Jun-16**
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 2016.

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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 2016.

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 2016, 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.

	1H2016	1H2016
Earnings/(Loss) per share		
- basic (cents)	0.03	(0.81)
- diluted (cents)	0.03	(0.81)

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-16	30-Jun-16	31-Dec-16	30-Jun-16
Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	3.95	0.36	0.29	(4.21)
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	3.95	0.36	0.29	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 2016 ("1H2017") was $59.8 million, a decrease of 38.8%, or $37.8 million as compared to the corresponding period last year ("1H2016"). The discontinuation of three outlet stores upon expiry of their respective leases 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 $2.2 million from $8.0 million to $5.8 million. Despite the decline in gross profit, gross profit margin improved from 8.27% in 1H2016 to 9.71% in 1H2017.

In 1H2017, sales mix for Apple products and third party products ("3PP") was approximately 91% and 9% respectively, compared with the sales mix for Apple products and 3PP of 90% and 10% reported in 1H2016. The Group will continuously improve gross profit margin by undertaking minor bundling and promotions.

Other operating income

The increase in other operating income of $494,000 was mainly due to the consultancy services provided to 3rd parties on retailing computer products.

Administrative expenses

Administrative expenses decreased by $2.26 million in 1H2017 as compared to 1H2016. The decrease was mainly due to:

a) decrease in staff cost of approximately $895,000 mainly attributable to decrease in headcounts, staff related expenses and cessation of former executive directors ;

b) decrease in rental and related expenses of approximately $917,470 as a result of discontinuation of lease of certain outlets upon expiry of their respective leases;

c) decrease in depreciation expenses of approximately $250,000 as compared to 1H2016; and

d) written back of allowance for inventories obsolescence $190,000 in 1H2017 as compared to $240,000 provision in 1H2016.

Selling and Distribution cost

Selling and Distribution cost decreased by $366,000 in 1H2017 as compared to 1H2016. This was due to the success in managing our advertising and promotion expenses; lower credit card charges, in line with lower sales reported during the current financial period,

Finance cost

Finance cost for 1H2017 comprised of interest expenses incurred for borrowings for working capital purposes. Borrowing cost in 1H2017 was higher than 1H2016 due to greater borrowings and higher interest rates in the current financial period.

Income Tax

1H2017's provision for income tax primarily relates to our subsidiary in Malaysia.

(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 $0.18 million from $0.52 million as at 30 June 2016 to $0.33 million as at 31 December 2016. The decrease was mainly due to depreciation of plant and equipment charged during the financial period.

Current assets increased by $11.4 million from $14.2 million as at 30 June 2016 to $25.6 million as at 31 December 2016. The increase was primarily due to the $1.7 million increase in trade receivables which consists of collectible from consultancy services provided and $4.4 million increase in deposits to 3rd party suppliers. Increase in cash and cash equivalents by $5.37 million are contributed by the proceeds from borrowings and additional shares issuance during the current financial period. This was partially offset by the decrease in inventories of $0.47 million.

Current liabilities increased by $6.1 million from $14.3 million as at 30 June 2016 to $20.4 million as at 31 December 2016. The increase was mainly caused by the increase in borrowings of $4.9 million and trade and other payables of $1.3 million.

Non-current liabilities decreased by $33,000 mainly due to the reversal of deferred revenue from utilization of the sale of Epicentre Membership.

Cash flow review

In 1H2017, the Group reported net cash used in operations of $4.8 million, largely attributable to the increase in trade and other receivables and prepayments of $6.4 million and partially offset by the increase in trade and other payables of $1.2 million.

In 1H2017, $8.9 million of net cash from financing activities is attributed to $5.4 million of proceeds from issuance of shares and net $4.8 million from borrowings.

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.

As detailed in the Notice of EGM dated on 11 January 2017, the Company proposed to expand its current core business to include the new business consisting of lifestyle, health and wellness service providers. The resolution was duly approved and passed by the shareholders of the Company through the EGM dated on 26 January 2017. As announced on 1 December 2016, and MOU was entered into between the Company and Japan IPL Holdings Pte Ltd. The Company will make the necessary announcements when there are further developments.

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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 2016.

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

No dividend has been declared for the financial period ended 31 December 2016.

(ii) Previous corresponding period

No dividend has been declared for the financial period ended 31 December 2016.

(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 2016.

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:

Intended purposes	Amount allocated (S$'000)	Amount utilized as at date of the announcement (S$'000)	Balance as at the date of the announcement (S$'000)
To support business development and provide liquidity	2,660	(1,412)	1,248
Working capital purposes - purchases of goods	2,660	(2,660)	-
Total	5,320	(4,072)	1,248

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 2016 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
10 February 2017

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.

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