epiCentre
Mac & More

ENHANCING YOUR LIFESTYLE EXPERIENCES

ANNUAL REPORT **2016**

This Annual Report 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 Annual Report.

This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST and the Company's Sponsor assume no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The details of the contact person for the Sponsor are:

Name: ***Mr. Bernard Lui, Registered Professional, Stamford Corporate Services Pte. Ltd.***
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OUR VISION

Be a World Class Digital Lifestyle Brand in Asia.

OUR MISSION

We are committed to enrich the customer's digital lifestyle with World Class Experience, Innovative Value and Awesomely Great (EPIC) Hospitality.

OUR VALUES

OWNERSHIP
We act pridefully with accountability and speed

LEARNING
We, as a TEAM, to continuously improve our competency for greater fulfilment

VIBRANCY
We enthusiastically work towards innovative solution

ETHICS
We consistently act with integrity and fairness

CORPORATE PROFILE

ABOUT EPICENTRE HOLDINGS LIMITED

Epicentre Holdings Limited ("Epicentre" or the "Company", and together with its subsidiaries, the "Group") is one of the fastest-growing and most prominent digital lifestyle companies in Singapore. Established in 2002 as the first Apple Premium Reseller ("APR") in the region, Epicentre is not only the longest-serving, but also one of the most-awarded APRs in Asia.

Epicentre has redefined the shopping experience for Apple consumers by offering a comprehensive range of Apple and Apple-related products as well as pre- and post-sale services in a one-stop lifestyle digital hub. The Group is emphatic on locating its stores within prime districts that experience heavy footfall and this has been a key catalyst to the Group's expansion both locally and regionally. Today, it operates 5 and 6 EpiCentre stores in Singapore and Malaysia (Kuala Lumpur) respectively, and 1 EpiLife store in Singapore. It has plans to further extend its footprint within these cities.

Apart from retailing Apple and Apple-related products in EpiCentre stores, the Group also retails an extensive range of accessories in EpiLife concept stores *where Fashion meets IT*. The latter is a lifestyle chain that completes the shopping experience of the fashion-forward consumer. EpiLife also carries merchandise under iWorld, the Group's proprietary brand of accessories targeted at the young and trendy.

EpiCentre also believes in increasing productivity through a multi-channel point-of-sales strategy – both offline (retail) and online (e-commerce). Through e-commerce, EpiCentre seeks to continuously bring the convenience and safety of shopping online to its customers. EpiCentre has tie-ups with Paypal Taggo, RadicalRealms, DBS/MOCO and other learning institutions, which allows EpiCentre to tap on their resources to do market testing for its products. Currently, some of the products that EpiLife carries are also sold in EpiCentre's e-stores. These include a wide range of exclusive accessories, cases, headphones and styluses from top fashionable IT brands such as, Monster, JAYS, Belkin, Gosh, Klipsch, B&O and EpiCentre's house brand iWorld.

Over the years, the Group has achieved multiple awards for its sterling performance. Winner of the Singapore Promising Brand Award (SPBA) for three consecutive years since 2009 under the Promising Brands category, it took the title of Overall Winner in 2010, and was inducted into the SPBA – Hall of Fame in 2011. As a testament to the Group's commitment towards high service standards, Epicentre won the Singapore Retailers Association (SRA) Premium Service GEM Award in 2010, 2011 and 2012. In 2013, EpiCentre was named as the overall winner in the Prominent Category of the SME One Asia Awards 2013, which recognises businesses which have built a name for themselves in Singapore and have weathered the growing pains and are flourishing in their first decade of business. EpiCentre was awarded the Singapore Service Class (S-Class) in 2014, as recognition of its efforts in promoting service excellence by SPRING Singapore. In 2015, EpiCentre was among 17 leading companies to be nominated for the Singapore Service Excellence Medallion, which honours organisations which have stimulated a transformation in the local service industry and have raised the bar in service excellence. Since 2003, the Group has also bagged numerous accolades for its accomplishments as a partner of Apple. These include the honour of winning the Platinum Partner Award during the South Asia Conference 2010 and achieving Apple Best POS Asia from 2006 to 2008.

Epicentre was listed on the Catalist Board of the Singapore Exchange on 18 January 2008.

CHAIRMAN STATEMENT

DEAR SHAREHOLDERS

The financial year ended 30 June 2016 ("FY2016") has been a fulfilling, yet challenging year for the Group. The general retail industry has been on a downward trend, as reflected by declining consumer confidence against the backdrop of depressed economic conditions.

Despite the year being marked by pronounced economic slowdown, rising price competition and poor retail sentiments, the Group managed to deliver stable returns of $164.1 million in revenue and $12.7 million in gross profit for the financial year ended 30 June 2016 ("FY2016"), translating to an 8.1% decrease in revenue against FY2015.

EFFECTING OPERATIONAL EFFICIENCY TO OVERCOME ADVERSITY

With Singapore facing its longest period of decline in consumer prices, the Group has been experiencing fluctuating sales since the beginning of FY2016 alongside intense price competition and cautious consumer sentiments within the Telecommunications Apparatus and Computers industry.

In view of the unfavourable economic climate, we have put in place strategic plans to consolidate our position through implementing a series of cost-cutting initiatives to enhance the Group's operational efficiency and profitability. Amongst these initiatives, we have taken steps to monitor operating expenses and withdraw unprofitable retails stores, while focusing on the more profitable ones.

We will also continue to explore opening physical branches at new locations to widen our reach. This is part of our strategic plan to overcome the challenging retail environment by controlling operating costs.

Overall, the Group's selling and distribution cost decreased by $561,000 during the reporting year. This was the fruitful result of efforts put in by our experienced management and staff in prudently managing our advertising and promotion, as well as other expenses. We believe that with perseverance, we will be able to reap substantial returns over time from our cost-cutting measures across the board.

GEOGRAPHICAL MARKET PERFORMANCE

As we operate in a streamlined business environment, Epicentre Singapore conducts its operations under one single division. Nevertheless, the Group has two main geographical market segments across Singapore and Malaysia.

In spite of the poor economic conditions and lackluster retail industry, our performance in these two geographical markets remained satisfactorily stable. However, due to the record depreciation of the Malaysian Ringgit, the Group's bottom line was affected as a result of the increase in price of goods and services, which was further compounded by the erosion of consumers' purchasing power. We will continue to monitor the situation and implement necessary adjustments along the way.

CAPITALISING ON EXISTING OPPORTUNITIES

In spite of the daunting operating environment, we remained focused on our distribution network and operations in our current markets. We are constantly adapting and looking out for opportunities to capitalise on any opportunities that may arise. In line with this focus, we have worked towards widening our distribution network in existing markets, while improving sales margins through our new strategies and investments.

Riding on the rising digital economy trend, we have recently extended our customer base through e-commerce channels to reach out to a new segment of online customers. Despite the fact that we are still at the early stage of establishing our online shopping experiences, we have successfully advanced into the e-commerce and m-commerce platforms to enable our customers to tap on the convenience of online shopping.

In May 2016, the Group officially obtained a licence from Apple to sell its products on our mobile application. We are optimistic that this will open new expansion opportunities for the Group as we continue to explore other possible forms of product or service diversification.

Concurrently, we are also looking at new possible onshore and offshore locations to expand our physical presence.

CAPITAL FUNDING EFFORTS

During the year, the Group embarked on a crowdfunding initiative with MoolahSense in March 2016 in an attempt to boost our capital liquidity. We chose to undertake an unconventional route of fund-raising via crowdfunding due to the platform's ease of obtaining funds within a short period of time and to fill the sudden financing gap left after some of our bankers exited the Singapore market.

In view of the tight credit situation in the market, we have proposed to issue placement of up to 45,800,000 new ordinary shares at an issue price of $0.25 per placement share to raise about $11.5 million in July 2016. The Group expects to utilise the net proceeds from placement to fund business development and provide liquidity for our business expansion plans, as well as for general working capital purposes.

FUTURE PROSPECTS

We expect the general retail sales industry performance and Singapore consumer spending to continue to weaken in the next 12 months ahead. Nevertheless, the Group remains focused on enhancing distribution network and operations in our current markets as we adapt and continue to improve our operational efficiency. The Group will also continue to explore setting up new potential outlets as we seek to implement diversification and potential e-commerce alternatives.

ACKNOWLEDGEMENTS

I am greatly privileged to be a part of an organisation that constantly reinvents itself regardless of the business environment. I would like to show my gratitude towards my fellow Board members, management team and employees of the Group for their unwavering dedication. Finally, I would like to thank our customers and business associates for their faith and support. We hope to journey on together with you to achieve greater business excellence.

LIM TIONG HIAN
Executive Chairman and Acting
Chief Executive Officer

OPERATIONS REVIEW

For the financial year ended 30 June 2016 ("FY2016"), the Group reported revenue of $164.1 million against $178.5 million in the financial year ended 30 June 2015 ("FY2015"), which translated to an 8.1% decrease. This was largely attributed to an increase in price competition, closure of retail stores and poor retail sentiments.

Correspondingly, gross profit fell by 23.9% from $16.8 million in the previous year to $12.8 million in FY2016 as gross profit margin decreased from 9.4% in FY2015 to 7.8% in FY2016 caused by aggressive bundling and promotions. During the year, sales mix for Apple products and the Third Party Products ("3PP") was 92% and 8% respectively as compared to the mix of 90% and 10% reported in FY2015.

Nevertheless, other operating income rose by $0.6 million to $2.6 million during the reporting year led by higher product rebates.

In spite of the economic downturn and rising costs, the Group has managed to effectively control administrative expenses, as well as selling and distribution costs. Administrative expenses was almost unchanged with an increase of just 0.1% or $19,000 to $18.0 million in FY2016.

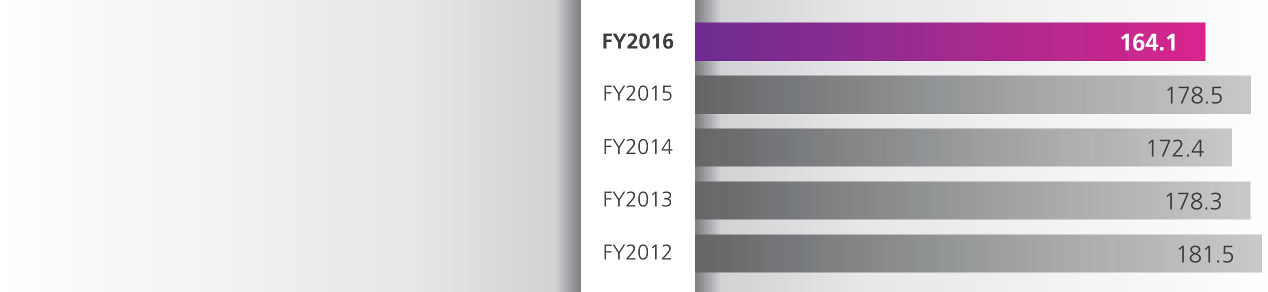
Separately, selling and distribution costs dipped by $561,000 during the year against that in FY2015 as successful management of our advertising and promotion expenses and credit card charges, in line with lower sales registered in the current financial year.

In FY2016, the Group's finance cost largely comprised of interest expenses incurred for borrowings for working capital purposes. Despite the decrease in borrowings, borrowing cost in FY2016 was higher than FY2015 due to higher interest rates implemented in the current financial period.

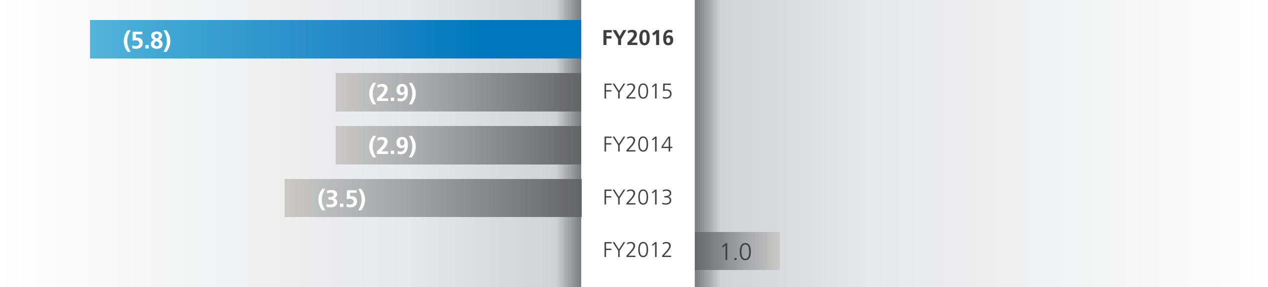
Arising from the above, the Group suffered a net loss of $5.8 million in FY2016, as compared to a net loss of $2.9 million in FY2015.

FINANCIAL HIGHLIGHTS

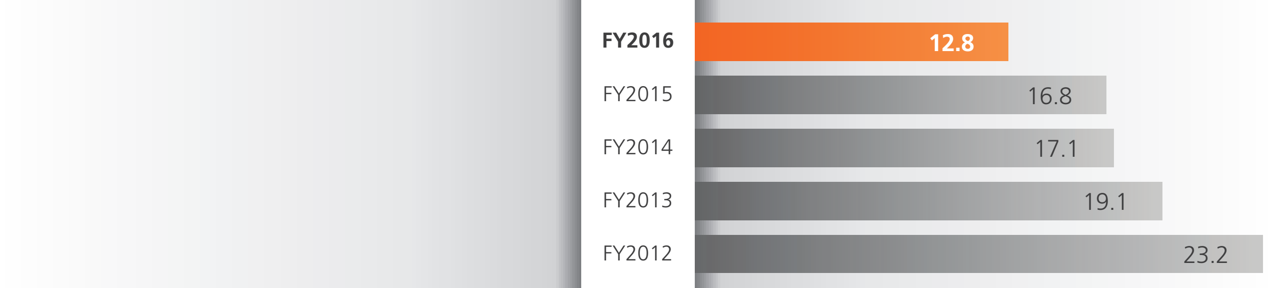
REVENUE ($M)



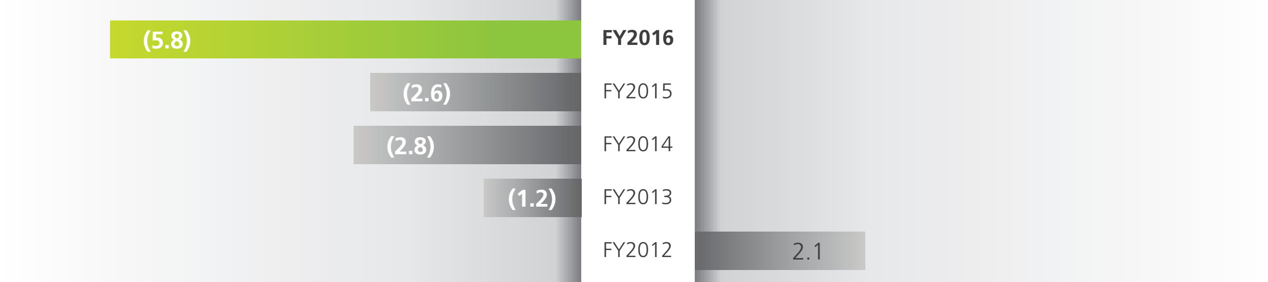
NET (LOSS)/ PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT ($M)



GROSS PROFIT ($M)



(LOSS)/PROFIT BEFORE TAX ($M)



BOARD OF DIRECTORS

LIM TIONG HIAN

Executive Chairman and
Acting Chief Executive Officer

Mr Lim Tiong Hian joined Swee Hong Limited in 2009 as Assistant Director to spearhead the company's technology capability development and has since transformed the company into a high technology company that deploys innovative techniques at the workplace. Mr Lim Tiong Hian was headhunted to join Sino Construction Limited as the Executive Director in 2014. He started a period of transformation of the company, quickly turning it from small construction company to a global resource player. He embarked the company on several major acquisitions, laying the foundation for its future success. Mr Lim Tiong Hian's career spans across technical, project, marketing and business development roles over 15 years in the infocomm technology. Mr Lim Tiong Hian graduated from the University of Huddersfield, UK with a Bachelor of Arts (Multimedia Design). While sourcing for a suitable candidate to fill up the vacancy of the chief executive officer ("CEO") during the transitional period, Mr Lim Tiong Hian will be responsible for setting the strategic direction, tracking of financial and profitability growth of the Group, as well as managing the business and overseeing all aspects of the daily operation of the Company.

SIOW CHEE KEONG JOSHUA

Lead Independent Director

Mr Siow is our Lead Independent Director and was appointed to our Board on 10 December 2007. He was re-elected as the Director on 29 October 2014. He has many years of audit and management experience in operations, business systems, information technology, finance and accounting with commercial and financial organisations in Canada, USA, England and Singapore. He is currently the Managing Director of JF Virtus Pte. Ltd. and offers audit, risk and consultancy services to listed companies. Mr Siow qualified as a Chartered Certified Accountant with the Association of Chartered Certified Accountants in 1981, a Certified Internal Auditor with the Institute of Internal Auditors Inc. in 1985, a Certified General Accountants with the Certified General Accountants of Canada in 1990 and is a member of the Institute of Singapore Chartered Accountants. He graduated from the University of Warwick, England, with a Master of Business Administration, and has completed the International Directors Programme with INSEAD. Mr Siow is on the board of several listed and private companies, and is a member of the Singapore Institute of Directors.

GIANG SOVANN

Independent Director

Mr Giang Sovann is the Chairman of the remuneration committee and member of the audit & risk committee and nominating committee of the Company. Giang Sovann is a senior director at RSM Risk Advisory, a leading governance, risk and consulting firm in Singapore. He also serves as independent director of Singapore listed Resources Prima Group Limited and the Cambodia Post Bank PLC. Giang Sovann was the executive director of the Singapore Institute of Directors and has served as executive director, independent director and chief financial officer of a number of listed companies. He started his career as a public accountant with a Big-4 firm in Canada and Singapore. He also has many years of experience in business management, having served as a senior executive at a multinational company and a regional conglomerate, and has managed companies in many industries including aerospace, food and beverage, flexible packaging, mining, oil and gas, real estate, retailing, telecommunications as well as trading and distribution. Giang Sovann holds a Bachelor of Administration degree from the University of Regina, Canada and is a Chartered Accountant, Singapore, a Chartered Accountant, Canada, and a member of the Singapore Institute of Directors.

AZMAN HISHAM BIN JA'AFAR

Independent Director

Mr Azman was appointed to our Board on 3 November 2010. He is an Advocate & Solicitor, and Deputy Managing Partner of RHTLaw Taylor Wessing LLP, Chairman of the firm's ASEAN Plus Group, and heads the firm's Indonesia Practice. He has advised and represented clients in numerous transactions involving mergers and acquisitions, corporate finance, mining, and oil and gas transactions in Singapore, China and Indonesia. He speaks Mandarin and Bahasa Indonesia fluently, and is a guest tutor at the National University of Singapore Law Faculty's Legal Case Studies programme. He is also a regular speaker at seminars on mergers and acquisitions, initial public offerings and regulatory compliance in Singapore. He obtained his LL.B (Hons) from the National University of Singapore.

LIM JIN WEI

Independent Director

Mr Lim Jin Wei was appointed to our Board on 12 July 2016 and is a member of the audit & risk committee, remuneration committee and nominating committee of the Company. He has been the director of Choon Hua Trading Corporation Sdn Bhd (Choon Hua) since January 2007 to spearhead various additions and improvement to the company's infrastructure and business of importing and distribution of frozen foods and fast-moving consumer goods (FMCG) in East Malaysia. He started his career as an auditor with Deloitte & Touche, Singapore and became an Audit Manager in 2004. During his career as auditor, he managed the financial audit of multinationals and local companies in several industries including computers & electronics, shipping, manufacturing, construction, food and beverages as well as trading and distribution. He also has experience as Independent Auditor for Initial Public Offerings of PRC Companies in Singapore including on-site due diligence. He was also involved in a Reverse Take Over (RTO) exercise of a Singapore listed company and upon completion of the RTO, he remains as the Chief Financial Officer of its property division until February 2015. Lim Jin Wei graduated from the Queensland University of Technology with a Bachelor of Business (Accountancy) degree and is a Certified Public Accountant with the CPA Australia.

KEY MANAGEMENT

MR YUN CHEE KEEN

Chief Financial Officer
EPICENTRE HOLDINGS LIMITED

Mr Yun Chee Keen was appointed Chief Financial Officer for Epicentre Holdings Limited ("Epicentre") in Feb 2012. As the head of the Finance and Administrative Division of the Epicentre Group, his portfolio includes Finance, Human Resource, Information Technology and Logistics. He oversees the various functions of accounting, financial reporting, cost management accounting, foreign exchange management, credit control, management information system, tax, cash flow planning, financial, IT and human resource systems, as well as investors' relations of Epicentre Group of companies.

Prior to joining Epicentre, Mr Yun held the position of Chief Financial Officer for Natural Cool Holdings Limited from Jul 2005 to Jan 2012. From 2000 to 2005, Mr Yun was the group financial controller of Nico Steel Holdings Limited. Mr Yun worked as an audit supervisor in KPMG Singapore prior to joining Nico Steel Holdings Limited. Mr Yun graduated from the Nanyang Technological University with a Bachelor of Accountancy (Merit) in 1996. He is also a fellow member of the Institute of Singapore Chartered Accountants.

MR GOH LING CHUAN

Executive Director
EPICENTRE LIFESTYLE SDN BHD

Mr Goh Ling Chuan joined Epicentre lifestyle Sdn Bhd in 2007.

He oversees the Country Operations in Malaysia and responsible for overall management, Sales, Marketing, Business development, Human Resource, Finance and general operations.

Major in Electronic and Electrical profession, he has more than 30 years of experience in the IT industry. Involving core business such as IT Distributor distributing more than 40 products, Number Forecast been listed in KLSE including launched the only Big Sweep lottery, System Integrator and Solution Provider for major IT projects.

MR JASON TAN

Manager, Retail Operations
EPICENTRE PTE LTD

Mr. Jason Tan joined EpiCentre in 2010. He oversees the retail operations for Singapore's EpiCentre retail stores, covering daily operations. Before joining the group, he has experience with another Apple Premium Reseller.

Mr. Tan has more than 10 years experience in the I.T. Retail Industry.

MS JEANNIE YEE

Manager, Merchandising
EPICENTRE PTE LTD

Ms Jeannie Yee joined the Group in 2015 as Merchandising Manager. She is instrumental in overseeing all aspects of merchandise planning, purchasing and retailing of Apple and non-Apple branded accessories for the retail outlets.

Ms Yee has garnered more than a decade of experience in the retail business and has established an outstanding track record in different aspects of retail management, including merchandising, inventory planning and supply chain management.

She holds a Bachelor of Business Management from Royal Melbourne Institute of Technology and a Diploma in Business Administration from Singapore Polytechnic.

AWARDS AND ACHIEVEMENTS

1 **Singapore Retailers Association (SRA)**
Premium Service GEM Award 2015

2 **SPRING Singapore**
The Singapore Service Class

3 **SME One Asia Awards 2013**
Overall Winner in Prominent Category

4 **Singapore Retailers Association (SRA)**
Premium Service GEM Award 2013

5 **Singapore Prestige Brand Award 2011**
Hall of Fame 2011
Promising Brand Winner

6 **The Entrepreneur of the Year 2011**
A Rotary – ASME Award
Overall Winner

7 **The Entrepreneur of the Year 2011**
A Rotary – ASME Award
Winner of EYA for Info-Communications Technology

8 **Asia Pacific Entrepreneurship Awards 2011**
Outstanding Entrepreneurship Award

9 **Singapore Retailers Association (SRA)**
Premium Service GEM Award 2011

10 **Singapore Prestige Brand Award 2010**
Overall Winner, Promising Brand

11 **Apple South Asia Conference 2010**
Platinum Partner Award

12 **Singapore Retailers Association (SRA)**
Premium Service GEM Award 2010

13 **Singapore Prestige Brand Award 2009**
Promising Brand Winner

14 **Apple Top 3 Merchandising Award 2009**

15 **Apple Top APR POS Asia 2008**

16 **Apple Top POS Asia 2007**

17 **Apple Best POS Asia 2006**

18 **Best Apple Centre 2003**
Gold Singapore 2003

OUR VALUE PROPOSITION

Best Apple Deals
Attractive Apple offers under one roof

Qualified and Certified Mac Evangelists
Serviced by trained Mac Lovers for Mac Lovers

Great Locations
Conveniently located at prime districts

epiCentre
Mac & More

Epitude Membership
Exclusive membership privileges at and beyond Epicentre

7-Day Extended Exchange Period
Unparalleled service with extended exchange period

EpiAcademy
Established complimentary learning hub for Apple Products

Trade-in Services
Only place that offers cash for old computers, laptops, iPads or iPods

iConcierge Services
First-of-its-kind counter service that provides technical advice and support

Shop 24/7
FREE Shipping for all Apple Products when you shop online
www.epicentreasia.com

STORE LISTING SINGAPORE

Epicentre @ Wheelock Place
501 Orchard Road
Wheelock Place #02-20/23
Singapore 238880
Tel: +65 6238 6780

Epicentre @ ION Orchard
2 Orchard Turn
ION Orchard #B3-14
Singapore 238801
Tel: +65 6509 8190

Epicentre @ Bugis Junction
200 Victoria Street
Bugis Junction #01-56/57
Singapore 188021
Tel: +65 6338 4892

Epicentre @ Marina Bay Sands
2 Bayfront Avenue
The Shoppes at Marina Bay Sands
B2-100A Singapore 018972
Tel: +65 6688 7070

Epicentre @ 313@Somerset
313 Orchard Road
313@Somerset #01-19/20
Singapore 238895
Tel: +65 6509 6681

EpiLife @ Suntec
3 Temasek Boulevard #01-633
Suntec City
Singapore 038983

STORE LISTING MALAYSIA

Epicentre @ Pavilion
Lot 5.24.07 Level 5 Pavilion
Kuala Lumpur
168 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: +603 2141 6378

Epicentre @ Lim Kok Wing
Campus Store, Lot 27, Innovasi 1-1
Jalan Teknorat 1/1, 63000 Cyberjaya
Selangor Darul Ehsan
Tel: +603 8313 0300

Epicentre @ IOI Mall
Lot E27 & 28, Ground Floor
IOI Mall, Batu 9 Jalan Puchong
Bandar Puchong Jaya
47100 Puchong, Selangor Darul Ehsan
Tel: +603 8075 0870

Epicentre @ Fahrenheit88
Lot G-23, Ground Floor, Fahrenheit88
179 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: +603 2143 8001

Epicentre @ e@Curve
Lot G36-38, Ground Floor
e@Curve, No. 2A Jalan
PJU 7/3, Mutiara Damansara
47810 Petaling Jaya
Tel: +603 7726 1006

Epicentre @ Bangsar Village II
UGF-21, Floor Level Upper
Ground Floor Bangsar Village II No. 2
Jalan Telawi Satu
Bangsar Baru 59100
Kuala Lumpur
Tel: +603 2287 8970

GROUP STRUCTURE

GROUP OF COMPANIES

SINGAPORE

Epicentre Holdings Limited
39 Ubi Road 1
#08-01 World Publications Building
Singapore 408695
Tel: +65 6601 9100
Fax: +65 6601 9133

Epicentre Pte. Ltd.
39 Ubi Road 1
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Singapore 408695
Tel: +65 6601 9100
Fax: +65 6601 9133

Epicentre Solutions Pte. Ltd.
39 Ubi Road 1
#08-01 World Publications Building
Singapore 408695
Tel: +65 6601 9100
Fax: +65 6601 9133

Epi Lifestyle Pte. Ltd.
39 Ubi Road 1
#08-01 World Publications Building
Singapore 408695
Tel: +65 6601 9100
Fax: +65 6601 9133

MALAYSIA

Epicentre Lifestyle Sdn. Bhd.
34 Jalan Sultan Ismail
Unit 1706 Central Plaza Suite
50250 Kuala Lumpur, Malaysia
Tel: +603 2141 1787
Fax: +603 2141 3787

The Company ceased operation of one of its subsidiary, Epicentre (Shanghai) Co. Ltd. where the Company had an effective equity interest of 87% in FY2013.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Epicentre Holdings Limited (the "Company") together with its subsidiaries (the "Group") are committed to setting in place corporate governance practices to provide the structure through which the objectives of protection of shareholders' interest and enhancement of long term shareholders' value are met.

This report outlines the corporate governance framework and practices of the Company with specific reference made to the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the "Code").

BOARD MATTERS

The Board's conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

As at 30 June 2016, the Board comprised five directors of whom three are Independent Directors and two are Executive Director. As at the date of this report, the Board comprises five directors of whom four are Independent Directors and one is an Executive Director. The Board oversees the business affairs of the Company. It carries out the function by assuming responsibility for effective stewardship and corporate governance of the Company and the Group.

The primary role of the Board is to protect and enhance long-term shareholders' value.

The principal functions of the Board, apart from its statutory responsibilities, is to:

- Provide entrepreneurial leadership, set the strategic objectives and directions for the Group and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Approve the policies, strategies and financial objectives of the Group;
- Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- Oversee the framework for internal controls and risk management and ensure good corporate governance;
- Monitor the Board composition, selection of Directors and Board processes and performance;
- Review and monitor Executive Directors' remuneration;
- Review business results including management performance, monitoring budgeting control and corrective actions (if required);
- Approve annual budgets, major funding proposals, investment and divestment proposals;
- Identify the key stakeholder groups and recognising that their perceptions affect the Company's reputation;
- Set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

All directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company.

CORPORATE GOVERNANCE REPORT

Delegation of Authority by the Board

Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various Board Committees. The Board Committees consist of Audit & Risk Committee ("ARC") (previously known as Audit Committee and renamed on 3 October 2016), Nominating Committee ("NC") and Remuneration Committee ("RC").

These Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis to ensure their continued relevance. The Chairman of the respective Committees report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the respective Committee by the Board. The effectiveness of each Committee is also constantly reviewed by the Board.

Matters which specifically require Board's approval are:

– Changes of company information, including but not limited to, company name and registered office;

– Changes to company agents, including corporate representatives, directors, auditors, corporate secretary, sponsor, share registrar;

– Usage/Affixation of Company's Common Seal and grants of Power of Attorney by the Company;

– Material acquisitions, divestments and equity ventures;

– Material capital expenditures, acquisitions and disposals;

– Corporate or financial restructuring;

– Dealing with banks and financial institutions, includes all commitments to term loans and lines of credit, opening and closing of bank accounts and bank signatories;

– Declaration of dividends and issuance of shares;

– Press releases for release to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") including half and full year results announcements, annual report and circulars; and

– Other shareholder matters.

The Company's Constitution (the "Constitution") provide for the meetings of the directors to be held by means of telephonic conference or other methods of simultaneous communication be it electronic or telegraphic means when necessary. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction.

Regular meetings are held to review the performance of the business and approve the public release of interim financial results. The Board is free to seek clarification and information from Management on all matters within their purview. Ad-hoc meetings are convened when the circumstances require.

CORPORATE GOVERNANCE REPORT

The number of meetings held by the Board and Board Committees and attendance of Directors at the meetings for the financial year ended 30 June 2016 is set out as follows:

	Board	Audit Committee	Remuneration Committee	Nominating Committee
Number of meetings held	6	4	2	1
Name of Director	Number of meetings attended			
Jimmy Fong Teck Loon	6	3*	1*	1
Brenda Yeo	5	3*	1*	1
Siow Chee Keong Joshua	6	4	2	1
Ron Tan Aik Ti	4	1	2	1
Azman Hisham Bin Ja'afar	6	4	2	1

* By invitation

Besides the attendance at meetings, the Board also measures the contribution of each Director in other forms including periodic reviews, provision of guidance and advice on various matters relating to the Group on an on-going basis.

The Company will conduct briefing and orientation programs for new directors to familiarise with the Company's structure and organisation, businesses and governance policies. Upon appointment, the Company will provide each newly appointed director a formal letter and will be briefed by the Executive Chairman and Chief Executive Officer and/or senior Management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors of the Company. The aim of the orientation program is to give new directors a better understanding of the Company's businesses and allow them to assimilate into their new roles. New directors are also informed about matters such as the Code of Dealing in the Company's securities. Changes to regulations and accounting standards are monitored closely by the Management. In order to keep pace with such regulatory changes, the Company will provide opportunities for ongoing training on Board processes and best practices as well as any updates on changes in legislation and financial reporting standards, regulations and guidelines from SGX-ST that affect the Company and/or the directors in discharging their duties effectively.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**"), which are relevant to the Directors are circulated to the Board. The Company Secretary also informs the Directors of upcoming conferences and seminars relevant to their roles as directors of the Company. Annually, the external auditors update the ARC and the Board on the new and revised financial reporting standards.

The Group's Independent directors as at the date of this report are members of their respective professional institutions and were in compliances with continuing professional development ("CPD") requirements of their respective professional institutions. Independent directors who are members of the Singapore Institute of Directors ("SID") were also in compliances with CPD requirements of SID. Directors are also strongly encouraged to undergo relevant training to enhance their skills and knowledge, especially on new laws and regulations affecting the Group's operations.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at 30 June 2016, the Board comprised the following directors:

Non-Executive Chairman and Director
Mr. Lim Tiong Hian

Executive Director and CEO
Mr. Jimmy Fong Teck Loon

Executive Directors
Ms. Brenda Yeo

Independent Non-Executive Directors
Mr. Siow Chee Keong Joshua
Mr. Ron Tan Aik Ti
Mr. Azman Hisham Bin Ja'afar

As of the date of this report, the Board comprises the following directors:

Executive Directors
Mr. Lim Tiong Hian

Independent Non-Executive Directors
Mr. Siow Chee Keong Joshua
Mr. Azman Hisham Bin Ja'afar
Mr. Giang Sovann
Mr. Lim Jin Wei

The Board's structure, size and composition are reviewed on an annual basis by the NC to ensure that the Board has the appropriate size and the right mix of skills and diverse expertise and experience, given the nature and scope of the Group's operations. The Board collectively possesses the necessary core competencies for effective functioning and informed decision-making.

The criterion for independence is based on the definition given in the Code. The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment of the conduct of the Group's affairs.

CORPORATE GOVERNANCE REPORT

As at current date and 30 June 2016, the Independent Directors comprise more than one third of the Board's composition. The Board has undertaken a full review of its composition. It is of the opinion that, with a significant majority of the Directors being Non-Executive and Independent Directors, the Board continues to exercise objective judgment independently of the Management.

Key information regarding the Directors is given in the "Board of Directors" section of the Annual Report. Particulars of interests of Directors who held office at the end of the financial year in shares, warrants and share options in the Company and in related corporations are set out in the Directors' Statement on pages 36 to 39 of the Annual Report.

None of our directors has served on our Board beyond nine years from the date of his/her appointment.

The Independent Non-Executive Directors meet regularly without the presence of the Management.

The Independent Non-Executive Directors are encouraged to constructively challenge and help to develop the management reporting framework and review management performance.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure so as to ensure the decision-making process of the Group would not be unnecessarily hindered. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual. The Board and the respective Board Committees vet all major decisions made by the Chief Executive Officer ("CEO").

As at 30 June 2016, Mr Jimmy Fong Teck Loon was the Executive Chairman and CEO of the Company. As the CEO, he formulated the policies and supervised the day-to-day business operations. As the Chairman, he was primarily responsible for overseeing the overall management and strategic development of the Company. He scheduled Board meetings as and when required and set the agenda for the Board meetings. He ensured the quality, quantity, accuracy and the timeliness of information flow between the Board, the Management and shareholders of the Company. He also encouraged a constructive relationship within the Board, between the Executive and Non-Executive Directors and between the Board and the Management.

The Chairman also assisted to facilitate the effective contribution of Non-Executive Directors, taking into consideration their expertise in different disciplines. He promoted a high standard of corporate governance practices by establishing shared acceptance of core business and management values among the Board members.

As at the date of this report, Mr Lim Tiong Hian is the Executive Chairman and Acting Chief Executive Officer. He has continue to undertake the role and responsibility of Chairman and CEO.

In line with the recommendation in Guideline 3.3 of the Code, the Board has appointed Mr. Siow Chee Keong Joshua as Lead Independent Director of the Company. The Lead Independent Director serves as a principal liaison on Board issues between the Independent Directors and the Chairman of the Board. The Lead Independent Director is available to shareholders who have concerns, which contact through the normal channels of the Chairman, CEO, Executive Directors or Chief Financial Officer have failed to resolve or for which such contact is inappropriate.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4:	*There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

As at 30 June 2016, the NC comprised the following members, the majority of whom are Independent Directors:

Mr. Azman Hisham Bin Ja'afar	Chairman
Mr. Jimmy Fong Teck Loon	Member
Mr. Siow Chee Keong Joshua	Member
Mr. Ron Tan Aik Ti	Member

As at the date of this report, the NC comprises the following members, who are all Independent Directors:

Mr Azman Hisham Bin Ja'afar	Chairman
Mr Giang Sovann	Member
Mr Siow Chee Keong Joshua	Member
Mr Lim Jin Wei	Member

The NC is regulated by its terms of reference and its key functions include:

- Making recommendations to the Board on all new Board appointments, re-appointments and re-nominations;
- Ensuring that Independent Directors meet the Code's guidelines and criteria;
- The development of a process for evaluation of the performance of the Board as a whole and its board committees;
- Ensuring that Directors with multiple board representation commit adequately in carrying out his/her duties; and
- Reviewing the board succession plan for Directors, in particular, the Executive Chairman and CEO.

The independence of each Director is reviewed annually by the NC based on the Code's definition of what constitutes an Independent Director.

The Company has in place policies and procedures for the appointment of new Directors, including the search and nomination process. For the selection and appointment of new Directors, the NC makes its recommendation based on merit, track record, experience, age, capabilities, industry knowledge and other pertinent criteria.

The Constitution of the Company require one-third of the Board to retire from office at each Annual General Meeting ("AGM") of the Company. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years. It was also provided in the Constitution of the Company that the Directors appointed during the course of the year must retire and submit themselves for re-election at the next AGM of the Company following their appointments.

CORPORATE GOVERNANCE REPORT

The dates of initial appointment and last re-election of each Director are set out below:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director
Mr Jimmy Fong Teck Loon	Executive Chairman/Managing Director	9 April 2002*/ 10 December 2007	29 October 2013
Ms Brenda Yeo	Executive Director	21 February 2007	29 October 2015
Mr Siow Chee Keong Joshua	Independent Director	10 December 2007	29 October 2014
Mr Azman Hisham Bin Ja'afar	Independent Director	3 November 2010	29 October 2015
Mr Lim Tiong Hian	Executive Chairman and Acting Chief Executive Officer	24 June 2016**	Not applicable
Mr Giang Sovann	Independent Director	12 July 2016	Not applicable
Mr Lim Jin Wei	Independent Director	12 July 2016	Not applicable

* Mr Jimmy Fong Teck Loon was first appointed as Director on 9 April 2002 and appointed as Managing Director on 10 December 2007.
** Mr Lim Tiong Hian was first appointed as Non-Executive Chairman and Director on 24 June 2016 and re-designated as Executive Chairman and Acting Chief Executive Officer on 31 July 2016.

The NC is of the view that despite multiple board representations in certain instances, each Director is able to allocate sufficient time and attention to the affairs of the Company and has been able to adequately discharge his/her duties as a Director of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any director may hold. The NC and Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit.

Currently, the Company does not have any alternate directors.

The list of directorship in other listed companies, both current and those held over the preceding 3 years, and other principal commitments for each of the current Directors as at the date of this report are as follows:

Name of Director	Directorship in Other Listed Companies	Past directorships in other listed companies (preceding three years)	Details of Other Principal Commitment, if any
Mr Siow Chee Keong Joshua	Sunvic Chemical Holdings Limited	Darco Water Technologies Limited	Managing Director, JF Virtus Pte Ltd
Mr Azman Hisham Bin Ja'afar	P99 Holdings Limited	Cedar Strategic Holdings Ltd.	Deputy Managing Partner, RHTLaw Taylor Wessing LLP
Mr Lim Tiong Hian	Nil	Nil	Nil
Mr Giang Sovann	Resources Prima Group Limited	SBI Offshore Limited	– Senior Director, RSM Risk Advisory Pte Ltd – Independent Director of Cambodia Post Bank PLC.
Mr Lim Jin Wei	Nil	Nil	Director, Choon Hua Trading Corporation Sdn Bhd

CORPORATE GOVERNANCE REPORT

The NC has assessed the independence of the Non-Executive Directors, Mr Siow Chee Keong Joshua, Mr Giang Sovann, Mr Lim Jin Wei and Mr Azman Hisham Bin Ja'afar, and is satisfied that there are no relationships which would deem them not to be independent. Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a Director.

The NC has recommended the re-election of Mr Lim Tiong Hian, Mr Lim Jin Wei and Mr Giang Sovann, who are retiring at the forthcoming AGM pursuant to Regulation 92 of the Constitution of the Company. The Board has accepted the recommendations and the retiring Directors would be offering themselves for re-election.

Mr Siow Chee Keong Joshua will retire by rotation pursuant to Regulation 93 of the Constitution of the Company. However, Mr Siow had indicated that he did not wish to seek re-election as Director of the Company at the forthcoming AGM. Accordingly, Mr Siow Chee Keong Joshua would be retiring as Director at the conclusion of the AGM.

Board Performance

Principle 5: *There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.*

The NC has examined the Board's size and is satisfied that it is appropriate for effective decision making, taking into account the nature and scope of the Company's operations. The NC has in place a formal process for assessment of the effectiveness of the Board as a whole and its Board Committees.

The NC had undertaken a process to assess the effectiveness of the Board as a whole and its Board Committees for the financial year ended 30 June 2016. The appraisal parameters focused on evaluation of factors such as the size and composition of the Board, the Board's access to information, Board's processes and accountability, Board's performance in relation to discharging its principal responsibilities, communication with the Management and the standards of conduct of the Directors. The performance measurements ensure that the mix of skills and experience of the Directors continue to meet the needs of the Group.

Through the evaluation process and the intensity of participation by the Directors at the Board and Board Committees meetings and their quality of contribution, the NC is satisfied that the Directors are able to continue contributing effectively and the results of the assessment has been communicated to and accepted by the Board.

The NC has decided unanimously, that the directors will not be evaluated individually but factors taken into consideration for the re-nomination are the extent of their attendance, participation and contributions in the proceedings of the meetings.

Access to Information

Principle 6: *In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

All Directors are furnished with information concerning the Company to enable them to be fully informed of the decisions and actions of the Company's executive management in a timely manner. The Board has unrestricted access to the Company's records and information.

CORPORATE GOVERNANCE REPORT

The key management personnel are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by engaging external consultants for specific projects.

The Board has separate and independent access to the Company Secretaries and to the key management personnel of the Company and the Group at all times, to assist the Board in carrying out its duties.

The Company Secretaries or their representatives attend all the meetings of the Board and Board Committees and assist the Board and Board Committees to ensure that proper procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board Committees' meetings are circulated to the Board. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

As at 30 June 2016, the RC comprised entirely of Independent Directors and the members of the RC were:

Mr. Ron Tan Aik Ti	Chairman
Mr. Siow Chee Keong Joshua	Member
Mr. Azman Hisham Bin Ja'afar	Member

As at the date of this report, the RC comprises entirely Independent Directors and the members of the RC are:

Mr Giang Sovann	Chairman
Mr Azman Hisham Bin Ja'afar	Member
Mr Siow Chee Keong Joshua	Member
Mr Lim Jin Wei	Member

The RC functions under its terms of reference which sets out its responsibilities as follows:

- Review and recommending to the Board, a general framework of remuneration and specific remuneration packages and terms of employment for all Directors and key management personnel of the Company;

- Reviewing the service agreements of the Executive Directors and key management personnel of the Company;

- Performing an annual review of the remuneration of employees related to directors to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scope and level of responsibility; and

- Review and approving the bonuses, pay increases and/or promotions of employees related to directors.

CORPORATE GOVERNANCE REPORT

The RC recommends to the Board a general framework of remuneration for the Directors and key management personnel and determines specific remuneration packages for each Executive Director. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind, are covered by the RC.

The recommendations of the RC would be submitted to the Board for endorsement. The RC is provided with access to expert independent professional advice on remuneration matters, as and when the need arises. The expense of such services is borne by the Company. No individual Director shall be involved in deciding his/her own remuneration.

In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Each member of the RC shall abstain from making any recommendation on or voting on any resolutions in respect of his own remuneration package.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting the remuneration packages, the RC takes into consideration the remuneration and employment conditions within similar industries and in comparable companies. As part of its review, the RC ensures that the performance related elements of remuneration form a significant part of the total remuneration package of Executive Directors and is designed to align the Directors' interests with those of shareholders and risk policies of the Company and link rewards to corporate and individual performance. The RC also reviews all matters concerning the remuneration of Non-Executive Directors to ensure that the remuneration commensurate with the contribution and responsibilities of the Directors.

The fee structure for Directors is assessed by the Board annually after benchmarking such fees against those in the public and private sectors. The Company believes that the fees are competitive and its Directors are adequately compensated in line with market norms. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised.

None of the Non-Executive Directors has any service contracts with the Company and they receive remuneration by way of Directors' fees. These Directors' fees are proposed by the Company as a lump sum to be approved by the shareholders at the AGM of the Company.

Currently, the Company does not use contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The RC may recommend to the Company to consider such contractural provisions in future.

The Company has an existing performance share plan known as the Epicentre Holdings Limited Performance Share Plan (the "PSP") for the eligible employees and Non-Executive Directors ("participants"). The PSP will provide eligible participants with an opportunity to participate in the equity of the Company and will increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown of the remuneration of the Directors of the Company, in percentage terms showing the level and mix, for the financial year ended 30 June 2016 falling within the broad bands are set out below:

Remuneration Band & Name of Directors	Fixed Salary	Directors' Fees	Performance Related Income/Bonus	Other Benefits	Total
S$1,750,000 to S$1,999,999					
Jimmy Fong Teck Loon	89%	3%	–	8%	100%
S$250,000 to S$499,999					
Brenda Yeo	93%	7%	–	–	100%
Below S$250,000					
Siow Chee Keong Joshua	–	100%	–	–	100%
Ron Tan Aik Ti	–	100%	–	–	100%
Azman Hisham Bin Ja'afar	–	100%	–	–	100%

The Board believes that it is for the benefit of the Company and the Group that the remuneration of the Directors is kept confidential, due to its sensitive nature. Similarly, the name and remuneration of the top four key management personnel (who are not directors of the Company) are not disclosed due to the highly competitive markets the Company operates in, and the Company's concern over poaching of these key management personnel by competitors.

The range of the gross remuneration of the top four key management personnel of the Group (who are not Directors) for the financial year ended 30 June 2016 are set out below:

Remuneration Band & Name of Key Management Personnel	Base/fixed salary	Variable or performance related income/bonuses	Total
S$250,000 to S$499,999			
Yun Chee Keen	100%	–	100%
Below S$250,000			
Goh Ling Chuan	84%	16%	100%
Jason Tan	81%	19%	100%
Jeannie Yee	99%	1%	100%

CORPORATE GOVERNANCE REPORT

The aggregate total remuneration paid to the top four key management personnel (who are not directors or the CEO) for the year ended 30 June 2016 is approximately S$550,000.

Ms Brenda Yeo, a former Executive Director of the Company, is the spouse of Mr Jimmy Fong Teck Loon, the former Executive Chairman and the CEO of the Company as well as the former substantial shareholder of the Company.

None of the Directors (including the CEO) and the top four key management personnel (who are not Directors or the CEO) of the Company has received any termination, retirement, post-employment benefits for FY2016.

Save as disclosed, there is no employee of the Group who is an immediate family member of any Director or the CEO or a controlling shareholder and whose remuneration has exceeded S$50,000 during the financial year ended 30 June 2016.

Currently, the Company does not have any employee share option schemes.

The Company advocates a performance-based remuneration system for Executive Directors and key management personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance, such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited (the "SGX-ST").

Price sensitive information is publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods.

In turn, the Management of the Company provides the Board with balanced and understandable accounts of the Group's performance, financial position and business prospects on a half-yearly basis for their effective monitoring and decision-making.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of sound risk management and internal controls practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of risk management and internal controls, for reviewing the adequacy and integrity of those systems on an annual basis. The risk management and internal controls functions are performed by the Group's key management personnel, the internal controls and risks are independently reviewed by internal auditors and their reports are reviewed by the ARC. The Group had appointed Messrs Ernst and Young Advisory Pte. Ltd. as the independent internal auditors of the Group to review the adequacy and effectiveness of the Group's internal controls in light of the size and complexity of the Group's operations. Any material non-compliance or weaknesses in internal controls or recommendations from the independent internal auditors and external auditors to further improve the internal controls will be reported to the ARC. The ARC will follow up on the actions taken by the Management and on the recommendations made by both the independent internal auditors and external auditors.

It should be noted, in the opinion of the Board, that such system is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and that it can provide only reasonable, and not absolute, assurance against material misstatement of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes all risk management and internal control systems contain inherent limitations and no system of risk management and internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

For FY2016, the Board has received assurances from the CEO and the CFO of the Company that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are sufficiently effective.

Based on systems of risk management and internal control maintained by the Management, reports from the independent internal auditors, management letter issued by the external auditors (to the extent as required by them to form an audit opinion on the statutory financial statements) and the assurance from the CEO and CFO, the Board with the concurrence of the ARC is of the opinion that as at 30 June 2016, the Group has adequate and effective systems of risk management and internal controls, addressing financial, operational, compliance and information technology controls.

Audit & Risk Committee

Principle 12: The Board should establish an Audit & Risk Committee ("ARC") with written terms of reference which clearly set out its authority and duties.

As at 30 June 2016, the Audit Committee ("AC") comprised entirely of Independent Directors and the members of the AC were:

Mr. Siow Chee Keong Joshua	Chairman
Mr. Ron Tan Aik Ti	Member
Mr. Azman Hisham Bin Ja'afar	Member

On 3 October 2016, the Company's Audit Committee was re-named to Audit & Risk Committee.

CORPORATE GOVERNANCE REPORT

As at the date of this report the ARC comprises entirely Independent Directors and the members of the ARC are:

Mr Siow Chee Keong Joshua	Chairman
Mr Giang Sovann	Member
Mr Lim Jin Wei	Member
Mr Azman Hisham Bin Ja'afar	Member

The ARC meets with the Group's external and internal auditors and the Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

The ARC also monitors proposed changes in accounting policies, reviews the internal audit functions and discusses the accounting implications of major transactions. In addition, it advises the Board on the adequacy of the Group's internal controls and the contents and presentation of its reports.

The Board considers that the members of the ARC are appropriately qualified to fulfil their responsibilities as the members bring with them invaluable managerial and professional expertise in the financial, legal and industry domain.

The ARC functions under its terms of reference which sets out its responsibilities as follows:

- Review the audit plans and scope of work of the external and internal auditors;
- Review the result of the audits conducted by the auditors, their reports and actions taken by management in response to auditors' recommendations;
- Review the adequacy and effectiveness of the Company's systems of risk management and internal controls, including financial, operational, compliance and information technology controls;
- Review the effectiveness of the Company's internal audit function, which is outsourced to a professional firm;
- Review the co-operation given by the Company's officers to the internal and external auditors;
- Review the financial statements and results announcements of the Company's and the Group before submission to the Board; and
- Make recommendations to the Board on the appointment or re-appointment of external and internal auditors.

The ARC has the power to conduct or authorise investigations into any matters within the ARC's scope of responsibility, which has or is likely to have material impact on the Group's operating and financial results. The ARC is authorised to obtain independent professional advice, if deemed necessary, in the discharge of its responsibilities. Such expenses are borne by the Company. Each member of the ARC abstains from voting any resolutions in respect of matters he is interested in.

The ARC has full access to and cooperation of the Management, internal and external auditors. It also has full discretion to invite any Director or executive officer to attend its meetings and has been given adequate resources to enable it to discharge its functions properly.

CORPORATE GOVERNANCE REPORT

The ARC meets with the external and internal auditors, separately without the presence of Management, at least once a year. The ARC reviews the findings from the auditors and the assistance given to the auditors by the Management.

The ARC, having reviewed the range and value of non-audit services rendered by the external auditors, Messrs BDO LLP, which comprise tax advisory services and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The audit and non-audit fees paid/payable to the external auditors for the financial year ended 30 June 2016 were approximately $76,000 and $15,000 respectively.

The Company has complied with Rule 715 of the Listing Manual Section B: Rules of Catalist of the SGX-ST as all subsidiaries of the Company are audited by Messrs BDO LLP for the purposes of the consolidated financial statements of the Group.

The ARC will undertake a review of the scope of services provided by the external auditors, the independence and the objectivity of the external auditors on annual basis. Messrs BDO LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with ACRA and provide a confirmation of their independence to the ARC. The ARC had assessed the external auditors based on factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit the size and complexity of the Group. Accordingly, the ARC is satisfied that Rule 712 of the Listing Manual Section B: Rules of Catalist of the SGX-ST is complied with and has recommended the Board that Messrs BDO LLP be nominated for re-appointment as external auditors at the forthcoming AGM of the Company.

The Company's internal auditors, during their course of audit, will evaluate the effectiveness of the Company's internal controls and report to the ARC, together with their recommendations, any material weakness and non-compliance of the internal controls. The ARC has reviewed the internal audit reports and based on the controls in place, is satisfied that there are adequate internal controls in the Group.

In July 2010, the Singapore Exchange Limited and ACRA had launched the "Guidance to Audit & Risk Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the ARC in evaluating the external auditors. Accordingly, the ARC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the guidance.

To keep abreast of the changes in accounting standards and issues which have a direct impact on the Group's financial statements, the ARC is updated by the external auditors on the relevant changes in accounting standards and issues when they attend the ARC meetings half-yearly.

The Company has in place the whistle blowing framework, endorsed by the ARC, which provides the mechanisms to encourage and provide a channel where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. The details of the whistle blowing policies and arrangements have been made available to all employees. To ensure that complaints can be submitted confidentially or anonymously when employee complainants so choose, the employee can address his/her complaint to: Chairman of the Audit & Risk Committee, Epicentre Holdings Limited, 351 Jalan Besar, #02-04 Reliance Building, Singapore 208988 in a sealed envelope, marked "Private and Confidential" or email directly to the email address of the audit & risk committee chairman provided.

CORPORATE GOVERNANCE REPORT

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The ARC and Board recognise the need for a robust and effective system of internal controls. Based on consideration of the size of the Group, the nature and complexity of its operations as well as cost-effectiveness, the ARC recommended to the Board the appointment of Messrs Ernst and Young Advisory Pte. Ltd., a professional accounting firm providing internal audit, risk and compliance services. The internal auditors report directly to the ARC on all internal audit matters though administratively liaises with the Chief Financial Officer.

The Management is responsible for designing and implementing a system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and Company's assets. The internal auditors assess the reliability, adequacy and effectiveness of these risk management and internal controls processes of the Group, assisting the ARC in the review of interested person transactions and checking that the internal controls of the Group is adequate in proper recording of transactions and safeguarding the assets of the Group. The internal auditors will also carry out major internal control checks and compliance tests as instructed by the ARC. The ARC will review the internal auditors' reports and ensure that there are adequate internal controls within the Group.

The ARC, on an annual basis, will assess the effectiveness of the internal audit by examining the scope of the internal audit work and its independence, to ensure that the internal auditors have the necessary resources to adequately perform its functions.

The ARC will ensure that the internal auditors meet or exceed the standards set by recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company firmly believes in high standards of transparent corporate disclosure, in line with continuous obligations of the Company under the Listing Manual Section B: Rules of Catalist of the SGX-ST, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group.

The Company believes that a high standard of disclosure is essential to raise the level of corporate governance. Interim and full year results and press releases are published through the SGXNet. All information of the Company's new initiatives is first disseminated via SGXNet followed by a press release.

Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All shareholders of the Company will receive the Annual Report with notice of AGM by post and published in a newspaper within the mandatory period, which is held within four months after the close of the financial year. In accordance with the Constitution of the Company, shareholders may appoint one or two proxies to attend and vote at general meetings in their absence. A relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. All shareholders are allowed to vote in person or by proxy. Central Provident Fund investors of the Company's securities may attend shareholders' meetings as observers, provided that they have submitted to do so with the agent banks within the specified time frame.

CORPORATE GOVERNANCE REPORT

Communications with Shareholders

Principle 15: Companies should actively engage their shareholder and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company recognises the importance of actively engaging with stakeholders to promote effective and fair communication.

The Board also acknowledges its obligation to furnish timely information to shareholders and ensure that full disclosure of material information to comply with statutory requirements and the Listing Manual Section B: Rules of Catalist of the SGX-ST is made. Any price sensitive information will be publicly released on SGXNet first before being announced to any group of investors or analysts. At general meetings of the Company, shareholders are given the opportunity to air their views so as to understand the views of the shareholders.

The Company does not have any dividend policy in place. The issue of payment of dividends is deliberated by the Board annually having regard to various factors. The Board, having considered the financial performance of the Group for the financial year ended 30 June 2016, did not recommend any dividend payment.

Conduct of Shareholders Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Our shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay informed of the Group's strategy and goals. Notices of general meetings are dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 clear calendar days before the meeting for ordinary resolutions and/or 21 clear calendar days before the meeting for special resolutions. At general meetings of the Company, shareholders are given the opportunity to air their views and ask the Directors and Management questions regarding the Group and its businesses. The Chairman of the ARC, NC and RC are normally available at the meetings to answer any questions relating to the work of these Board Committees. The external auditors are also present to assist the Board in addressing any relevant queries from the shareholders.

All the resolutions that are put to the vote at the forthcoming AGM would be voted by way of poll. The Company will make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages to the public via SGXNet.

The Board also notes that there should be separate resolutions on each substantially separate issue that may be tabled at the general meeting.

The Company prepares minutes of general meetings incorporating the substantial and relevant comments or queries from shareholders that is relevant to the agenda of the meeting and responses from the Board and the Management. Such minutes are available to shareholders upon request.

CORPORATE GOVERNANCE REPORT

DEALINGS IN SECURITIES

The Company is guided by Rule 1204(19) of the Listing Manual Section B: Rules of Catalist of the SGX-ST in relation to the dealings in securities of the Company to its Directors and Management.

The Company has in place a policy to prohibit the Directors, key executives and employees who have access to unpublished material price sensitive information from dealing in Company's securities. The Company and its officers are advised not to deal in the Company's securities during the period commencing one month immediately preceding the announcement of the Company's half year and full year financial results and ending on the date of release of the said announcements to the SGX-ST. In addition, the Directors, key executives and employees are expected to observe insider trading laws at all times, even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short term considerations.

INTERESTED PERSON TRANSACTIONS

The Company has established an internal controls policy to ensure that transactions with interested persons are properly reviewed, approved and conducted at arm's length basis, on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

There is no interested person transactions which exceeds $100,000 between the Company and any of its interested persons (Directors, executive officers or controlling shareholders of the Group or the associates of such Directors, executive officers or controlling shareholders) entered into during the financial year.

The Company does not have any shareholders' mandate for interested person transactions.

MATERIAL CONTRACTS

Save as disclosed in the Directors' report and financial statements, there were no material contracts to which the Company or any of its subsidiaries, is a party and which involve the interests of the CEO, any Director or the controlling shareholder, were subsisting at the end of the financial year ended 30 June 2016 or entered into since the end of the previous financial year.

Lender	Borrower	Contract Date	Tenure	Loan commitment	Interest rate	Payment of Interest & Repayment of principal	Security provided
Jimmy Fong	Epicentre Pte Ltd	15-Jan-16	1 time drawn down	S$500,000	30% pa	Interest payabe monthly in arrears; Loan repayable within 30 days of the lender's demand	Nil
Jimmy Fong	Epicentre Holdings Limited	11-Feb-16	1 year	S$1,000,000	30% pa	Interest payabe monthly in arrears; Loan repayable within 14 days of the lender's demand	Nil

CORPORATE GOVERNANCE REPORT

CATALIST SPONSOR

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company as at 30 June 2016 was RHT Capital Pte. Ltd. The continuing sponsor of the Company as at the date of this report is Stamford Corporate Services Pte. Ltd.

For the purposes of Rule 1204(21) of the Listing Manual Section B: Rules of Catalist of the SGX-ST, there was no non-sponsor fee paid to RHT Capital Pte. Ltd. or Stamford Corporate Services Pte. Ltd. as at the date of this report.

NON-CONFLICT OF INTEREST

Mr Azman Hisham Bin Ja'afar, Independent Director of the Company, has declared to the Directors that he is the Partner of RHTLaw Taylor Wessing LLP ("RHTLaw Taylor Wessing"). We are not presently aware of any conflict of interest arising from his aforesaid role arising prior to the change in the continuing sponsor. He abstained from any voting on any resolution where it relates to the appointment of RHTLaw Taylor Wessing, RHT Corporate Advisory Pte. Ltd., RHT Capital Pte. Ltd. and their related companies.

DIRECTORS' STATEMENT

The Directors of Epicentre Holdings Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2016 and the statement of financial position of the Company as at 30 June 2016.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Siow Chee Keong Joshua	
Azman Hisham Bin Ja'afar	
Lim Tiong Hian	(Appointed on 24 June 2016)
Giang Sovann	(Appointed on 12 July 2016)
Lim Jin Wei	(Appointed on 12 July 2016)

3. Arrangements to enable Directors to acquire shares or debentures

Except as disclosed under the section "performance share plan", neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the Directors of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations except as detailed below:

	Shareholdings registered in the name of Directors or nominees		Shareholdings in which Directors are deemed to have interest	
	Balance at 1 July 2015	Balance at 30 June 2016	Balance at 1 July 2015	Balance at 30 June 2016
	Number of ordinary shares			
Company				
Lim Tiong Hian	–	**23,025,800**	–	**–**
Jimmy Fong Teck Loon[(1)]	55,025,800	**–**	630,000	**630,000**
Brenda Yeo[(1)]	630,000	**630,000**	55,025,800	**–**
Siow Chee Keong Joshua	100,000	**–**	–	**–**

(1) Jimmy Fong Teck Loon and Brenda Yeo have resigned as the Director of the Company on 4 July 2016.

By virtue of Section 7 of the Act, Jimmy Fong Teck Loon is deemed to be interested in the shares held by his wife, Brenda Yeo, and vice versa.

Jimmy Fong Teck Loon's shareholding as at 1 July 2015 includes 54,969,800 shares held by Credit Suisse AG Singapore through Raffles Nominees (Pte) Limited.

By virtue of Section 7 of the Act, Lim Tiong Hian is deemed to have interests in the shares of all the subsidiaries of the Company as at the end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 July 2016 in the shares of the Company have not changed from those disclosed as at 30 June 2016.

5. Performance share plan

At the Extraordinary General Meeting held on 29 June 2010, the shareholders of the Company approved the Epicentre Holdings Limited Performance Share Plan (the "PSP"). In relation to the PSP, the Company will grant fully paid-up ordinary shares of the Company ("Awards") to eligible Group employees and Non-Executive Directors ("Participants"). Awards represent the right of a Participant to receive fully paid-up ordinary shares of the Company ("Shares") free of charge, upon the Participant achieving prescribed performance targets. Awards may only be vested after the vesting period and consequently any new Shares comprised in such Awards shall only be delivered upon the Remuneration Committee's satisfaction that the prescribed performance targets have been achieved.

DIRECTORS' STATEMENT

5. Performance share plan (Continued)

The aggregate number of new Shares issued pursuant to the PSP shall not exceed 15% of the issued share capital of the Company.

As at 30 June 2016, there was no grant of any new Awards and there was no delivery of any new Shares for any Awards previously granted.

There were no share options granted by the Company and its subsidiaries during the financial year.

6. Audit & Risk Committee

The Audit & Risk Committee comprises the following members, who are all Non-Executive Directors and Independent Directors. The members of the Audit & Risk Committee as at the date of this report are:

Siow Chee Keong Joshua (Chairman)
Azman Hisham Bin Ja'afar
Giang Sovann
Lim Jin Wei

The Audit & Risk Committee performs the functions specified in Section 201B (5) of the Act and the Singapore Code of Corporate Governance 2012. In performing those functions, the Audit & Risk Committee reviewed the audit plans and the overall scope of examination by the external and internal auditors of the Group and of the Company. The Audit & Risk Committee also reviewed the independence of the external and internal auditors of the Company and the nature and extent of the non-audit services provided by the external auditors.

The Audit & Risk Committee also reviewed the assistance provided by the Company's officers to the external and internal auditors and the consolidated financial statements of the Group and the statement of financial position of the Company as well as the Independent Auditor's Report thereon prior to their submission to the Directors of the Company for adoption and reviewed the interested person transactions as defined in Chapter 9 of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

The Audit & Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It has also full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit & Risk Committee.

The Audit & Risk Committee has recommended to the Board of Directors the nomination of BDO LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting. The Audit & Risk Committee has carried out an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors prior to recommending their re-appointment.

DIRECTORS' STATEMENT

7. Independent auditors

The independent auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Lim Tiong Hian	**Siow Chee Keong Joshua**
Director	Director

Singapore
6 October 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EPICENTRE HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Epicentre Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 42 to 91, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2016, and the consolidated statement of comprehensive income, statement of changes in equity of the Group and of the Company and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EPICENTRE HOLDINGS LIMITED

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
6 October 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Intangible assets	4	**–**	84	**–**	–
Plant and equipment	5	**517**	1,465	**34**	332
Investments in subsidiaries	6	**–**	–	**5,865**	834
		517	1,549	**5,899**	1,166
Current assets					
Inventories	7	**8,156**	12,116	**–**	–
Trade and other receivables	8	**3,147**	4,486	**3,124**	7,563
Prepayments		**159**	139	**21**	11
Prepaid taxes		**234**	–	**–**	–
Cash and cash equivalents	9	**2,546**	5,171	**80**	448
		14,242	21,912	**3,225**	8,022
Less:					
Current liabilities					
Trade and other payables	10	**8,796**	9,419	**12,224**	6,720
Provisions	11	**297**	269	**–**	–
Deferred revenue	12	**488**	278	**–**	–
Current income tax payable		**66**	89	**–**	–
Borrowings	13	**4,638**	7,104	**816**	1,264
		14,285	17,159	**13,040**	7,984
Net current (liabilities)/assets		**(43)**	4,753	**(9,815)**	38
Less:					
Non-current liabilities					
Deferred revenue	12	**69**	104	**–**	–
Deferred tax liabilities	14	**69**	69	**15**	15
		138	173	**15**	15
Net assets/(liabilities)		**336**	6,129	**(3,931)**	1,189
Equity					
Share capital	15	**6,709**	6,709	**6,709**	6,709
Treasury shares	16	**(69)**	(69)	**(69)**	(69)
Foreign currency translation reserves	17	**(464)**	(375)	**–**	–
(Accumulated losses)/Retained earnings		**(5,406)**	355	**(10,571)**	(5,451)
Equity attributable to owners of the parent		**770**	6,620	**(3,931)**	1,189
Non-controlling interests		**(434)**	(491)	**–**	–
Total equity/(capital deficiency)		**336**	6,129	**(3,931)**	1,189

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 $'000	2015 $'000
Revenue	18	**164,087**	178,498
Cost of sales		**(151,324)**	(161,729)
Gross profit		**12,763**	16,769
Other items of income			
Other income	19	**2,629**	1,998
Other items of expenses			
Administrative expenses		**(18,007)**	(17,988)
Selling and distribution costs		**(2,639)**	(3,200)
Finance costs	20	**(540)**	(177)
Loss before income tax	21	**(5,794)**	(2,598)
Income tax	22	**33**	(277)
Loss for the financial year		**(5,761)**	(2,875)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency differences on translation of foreign operations		**(32)**	(317)
Other comprehensive income for the financial year, net of tax		**(32)**	(317)
Total comprehensive income for the financial year		**(5,793)**	(3,192)
Loss attributable to:			
Owners of the parent		**(5,761)**	(2,875)
Non-controlling interests		**–**	–
		(5,761)	(2,875)
Total comprehensive income attributable to:			
Owners of the parent		**(5,850)**	(3,130)
Non-controlling interests		**57**	(62)
		(5,793)	(3,192)
Loss per share (in cents)			
– Basic and diluted	23	**(6.18)**	(3.08)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Share capital $'000	Treasury shares $'000	Foreign currency translation reserves $'000	Retained earnings/ (Accumulated losses) $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Group							
Balance at 1 July 2015	6,709	(69)	(375)	355	6,620	(491)	6,129
Loss for the financial year	–	–	–	(5,761)	(5,761)	–	(5,761)
Other comprehensive income for the financial year that may be reclassified subsequently to profit or loss:							
Foreign currency differences on translation of foreign operations, net of tax	–	–	(89)	–	(89)	57	(32)
Total comprehensive income for the financial year	–	–	(89)	(5,761)	(5,850)	57	(5,793)
Balance at 30 June 2016	**6,709**	**(69)**	**(464)**	**(5,406)**	**770**	**(434)**	**336**
Balance at 1 July 2014	6,709	(69)	(120)	3,230	9,750	(429)	9,321
Loss for the financial year	–	–	–	(2,875)	(2,875)	–	(2,875)
Other comprehensive income for the financial year that may be reclassified subsequently to profit or loss:							
Foreign currency differences on translation of foreign operations, net of tax	–	–	(255)	–	(255)	(62)	(317)
Total comprehensive income for the financial year	–	–	(255)	(2,875)	(3,130)	(62)	(3,192)
Balance at 30 June 2015	6,709	(69)	(375)	355	6,620	(491)	6,129

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Share capital $'000	Treasury shares $'000	Accumulated losses $'000	Total equity/ (capital deficiency) $'000
Company				
Balance at 1 July 2015	6,709	(69)	(5,451)	1,189
Loss for the financial year, representing total comprehensive income for the financial year	–	–	(5,120)	(5,120)
Balance as at 30 June 2016	**6,709**	**(69)**	**(10,571)**	**(3,931)**
Balance at 1 July 2014	6,709	(69)	(4,538)	2,102
Loss for the financial year, representing total comprehensive income for the financial year	–	–	(913)	(913)
Balance as at 30 June 2015	6,709	(69)	(5,451)	1,189

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 $'000	2015 $'000
Operating activities			
Loss before income tax		**(5,794)**	(2,598)
Adjustments for:			
Allowance for inventory obsolescence		**871**	830
Allowance for impairment loss on third parties trade receivables		**10**	9
Third parties trade receivables written off		**85**	1
Depreciation of plant and equipment		**856**	1,125
Amortisation of intangible assets		**16**	45
Interest expense		**540**	177
Allowance for impairment loss on intangible assets		**68**	–
Gain on disposal of plant and equipment		**–**	(3)
Inventories written off		**48**	37
Plant and equipment written off		**133**	50
Provision for onerous contract		**87**	–
Reversal of provision for reinstatement costs not utilised		**(40)**	(40)
Operating cash flows before working capital changes		**(3,120)**	(367)
Working capital changes:			
Inventories		**2,734**	3,746
Trade and other receivables		**1,217**	561
Prepayments		**(24)**	189
Trade and other payables		**(121)**	(1,785)
Provision		**(19)**	(45)
Deferred revenue		**175**	374
Cash generated from operations		**842**	2,673
Interest paid		**(540)**	(177)
Income taxes paid		**(224)**	(143)
Net cash from operating activities		**78**	2,353
Investing activities			
Proceeds from disposal of plant and equipment		**2**	11
Purchase of plant and equipment	5	**(70)**	(1,042)
Additions to intangible assets		**–**	(10)
Net cash used in investing activities		**(68)**	(1,041)
Financing activities			
Proceeds from borrowings		**11,659**	14,603
Repayments of borrowings		**(14,125)**	(16,615)
Fixed deposit pledged with a bank		**(100)**	–
Placement of cash guarantee		**(500)**	–
Repayments of finance lease payables		**–**	(6)
Net cash used in financing activities		**(3,066)**	(2,018)
Net change in cash and cash equivalents		**(3,056)**	(706)
Cash and cash equivalents at beginning of financial year		**5,171**	6,063
Effects of exchange rate changes on cash and cash equivalents		**(169)**	(186)
Cash and cash equivalents at end of financial year	9	**1,946**	5,171

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

Epicentre Holdings Limited (the "Company") is a public limited company, incorporated and domiciled in Singapore. The principal place of business and registered office is at 39 Ubi Road 1 #08-01 World Publications Building, Singapore 408695. The Company's registration number is 200202930G. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The consolidated financial statements of the Company and its subsidiaries (the "Group") and the statement of financial position of the Company for the financial year ended 30 June 2016 were authorised for issue in accordance with a Directors' resolution dated 6 October 2016.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$"), which is the functional currency of the Company. All values are rounded to the nearest thousand ($'000) unless otherwise indicated.

The preparation of financial statements in compliance with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

The Group incurred a net loss of $5,761,000 for the financial year ended 30 June 2016 and, as of that date, the Group's and the Company's current liabilities exceeded their current assets by approximately $43,000 and $9,815,000 respectively and the Company was in a net liabilities position of $3,931,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

The Directors of the Company are of the opinion that the going concern basis is appropriate in the preparation of the financial statements based on the following:

(i) The Directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the 12 months ending 30 June 2017. Based on such forecast, the Directors of the Company have estimated that adequate liquidity exists to finance the working capital requirements of the Group and the Company for the next financial year. The Directors of the Company are also confident that continuous financial support will be available from the bankers and other third parties.

(ii) As referred to Note 31 to the financial statements, on 20 July 2016, the Company had entered into a conditional placement agreement with a placement agent for an aggregate of up to 45,800,000 new ordinary shares (the “Placement Shares”) in the capital of the Company at an issue price which shall not be less than $0.25 per Placement Share, amounting to an aggregate consideration of not less than $11,450,000.

(iii) Subsequent to the end of the financial year, the Group is able to repay invoice financings due on a timely basis and continues to obtain invoice financings from the bank. External borrowings from other third parties are also made available to meet the Group’s short-term working capital requirements.

During the financial year, the Group and the Company adopted the new or revised FRS that are relevant to their operations and effective for the current financial year. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current and prior financial years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the following FRS were issued but not yet effective, and have not been adopted early in these financial statements:

			Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	:	Disclosure Initiative	1 January 2016
FRS 7 (Amendments)	:	Disclosure Initiative	1 January 2017
FRS 12 (Amendments)	:	Recognition of Deferred Tax Assets for Unrealised losses	1 January 2017
FRS 16 and FRS 38 (Amendments)	:	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16 and FRS 41 (Amendments)	:	Agriculture: Bearer Plants	1 January 2016
FRS 27 (Amendments)	:	Equity Method in Separate Financial Statements	1 January 2016
FRS 109	:	Financial Instruments	1 January 2018
FRS 110 and FRS 28 (Amendments)	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 110, FRS 112, and FRS 28 (Amendments)	:	Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 111 (Amendments)	:	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 114	:	Regulatory Deferral Accounts	1 January 2016
FRS 115	:	Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	:	Clarification to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	:	Leases	1 January 2019
Improvements to FRSs (November 2014)			1 January 2016

Consequential amendments were also made to various standards as a result of these new or revised standards.

The management expects that the adoption of the above FRS in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except as discussed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 109 – Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for derecognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 July 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. The Group is in the process of making a detailed assessment of the impact of this standard and the Group will be required to reassess the classification and measurement of financial assets and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 115 – Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. The Group is in the process of making a detailed assessment of the impact of this standard and the Group plans to adopt the standard in the financial year beginning on 1 July 2018 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

FRS 116 – Leases

FRS 116 supersedes FRS 17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

On initial adoption of this standard, there may be a potentially significant impact on the accounting treatment for the Group's leases, particularly rented office premises and other operating facilities, which the Group, as lessee, currently accounts for as operating leases. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 July 2019 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by to the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.4 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following the initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.4 Intangible assets (Continued)

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Club membership

Club membership which was acquired separately is amortised to profit or loss over its useful lives of 3 years.

Trademarks

Trademarks which were acquired separately is amortised to profit or loss using the straight-line method over 10 years.

Website development costs

Website development costs relating to the application and infrastructure development, graphical design and content development stages incurred with third parties are recognised as intangible assets and measured at cost.

Direct expenditure which enhances or extends the performance of the website beyond its specifications and which can be reliably measured is added to the original cost of the website. Costs associated with maintaining the website are recognised as expense as incurred.

Amortisation of the intangible assets begin when the assets are available for use. Website development costs have a finite useful life and are amortised to profit or loss using the straight-line method over 3 years.

2.5 Plant and equipment

Plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.5 Plant and equipment (Continued)

Subsequent expenditure on an item of plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Demo equipment	3
Office equipment	3
Furniture and fittings	3
Renovation	3
Motor vehicles	7 to 10

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.6 Impairment of non-financial assets

At the end of each financial year, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.6 Impairment of non-financial assets (Continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost include all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the "first-in-first-out" method. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated costs to be incurred in marketing, selling and distribution. Allowance is made for obsolete, slow-moving and defective inventories.

2.8 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group or the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial assets

Financial assets are classified into loans and receivables. The classification depends on the purpose of which the assets are acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the financial year, where allowed and appropriate. All financial assets are recognised at fair value plus transactions costs.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, where applicable, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statement of financial position comprise trade and other receivables and cash and cash equivalents.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classified ordinary shares as equity instruments.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

The Group's financial liabilities are classified as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans, loans from crowdfunding and invoice financings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial guarantee contracts

The Company has issued corporate guarantees to a bank and crowdfunding agent for borrowings of a subsidiary and these guarantees qualify as financial guarantees because the Company is required to reimburse the lenders if the subsidiary breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the obligation under the contract recognised as a provision in accordance with FRS 37. Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised, less cumulative amortisation in accordance with FRS 18 Revenue.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits, net of fixed deposit pledged.

2.10 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.10 Provisions (Continued)

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

2.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from sale of goods is recognised upon passage of title to the customers which coincides with the delivery and acceptance.

Revenue from rendering of services is recognised when services are performed.

The consideration received from the sale of goods to customers under the customer loyalty programme "Epicentre Loyalty Programme" is allocated to the goods sold and the points issued (award credits) that are expected to be redeemed. The consideration allocated to the award credits is at the fair value of the points. It is recognised as a liability (deferred revenue) on the statements of financial position and recognised as revenue when the points are redeemed, expired or are no longer expected to be redeemed. The amount of revenue is based on the number of award credits that have been redeemed, relative to the total number expected to be redeemed.

Sponsorship income is recognised upon public presentation for media advertising.

Membership fees income is recognised over the membership period.

Rebate income is recognised when certain sales targets are met and upon the amount received for certain costs incurred for renovation of outlets.

Commission income is recognised on an accrual basis when services are rendered.

2.12 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.13 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Performance share plan

The fair value of employee services received in exchange for the grant of the awards would be recognised as a charge to the consolidated statement of comprehensive income over the vesting period and is determined by reference to the fair value of each award granted on the date of the award with a corresponding credit to equity.

The expense recognised in the consolidated statement of comprehensive income at each financial year reflects the manner in which the benefits will accrue to employees under the share plan over the vesting period. The charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of the financial year.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

2.15 Leases

When the Group and the Company are the lessees of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

Contingent rents are recognised as an expense in profit or loss in the financial year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.16 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.16 Taxes (Continued)

Deferred tax (Continued)

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.17 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. Summary of significant accounting policies (Continued)

2.17 Foreign currency transactions and translation (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation account.

On disposal of a foreign operation, the accumulated foreign currency translation account relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who makes strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the accounting policies

The following are the critical judgements, apart from those involving estimations that management has made in the process of applying the Group's accounting policies and which have significant effect on the amounts recognised in the financial statements.

Impairment of investments in subsidiaries

The Company follows the guidance of FRS 36 on determining whether an investment in subsidiary is impaired. This determination requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the recoverable amount of an investment in subsidiary is less than its carrying amount and the financial health of and near-term business outlook for the investment in subsidiary, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below.

Allowance for inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" method. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provides for excess and obsolete inventories based on historical and estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 30 June 2016 was approximately $8,156,000 (2015: $12,116,000).

Allowance for doubtful receivables

The management establishes allowance for doubtful receivables on a case-by-case basis when it believes that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers the historical experience and changes to the customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables as at 30 June 2016 were approximately $3,147,000 and $3,124,000 (2015: $4,486,000 and $7,563,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

4. Intangible assets

	Club membership $'000	Trademarks $'000	Website development costs $'000	Total $'000
Group				
Cost				
Balance at 1 July 2015	**223**	**83**	**56**	**362**
Written off	**(223)**	**–**	**–**	**(223)**
Balance at 30 June 2016	**–**	**83**	**56**	**139**
Accumulated amortisation and impairment				
Balance at 1 July 2015	**223**	**15**	**40**	**278**
Amortisation for the financial year	**–**	**8**	**8**	**16**
Impairment loss	**–**	**60**	**8**	**68**
Written off	**(223)**	**–**	**–**	**(223)**
Balance at 30 June 2016	**–**	**83**	**56**	**139**
Carrying amount				
Balance at 30 June 2016	**–**	**–**	**–**	**–**
Cost				
Balance at 1 July 2014	223	75	54	352
Additions	–	8	2	10
Balance at 30 June 2015	223	83	56	362
Accumulated amortisation				
Balance at 1 July 2014	223	7	3	233
Amortisation for the financial year	–	8	37	45
Balance at 30 June 2015	223	15	40	278
Carrying amount				
Balance at 30 June 2015	–	68	16	84

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

4. Intangible assets (Continued)

	Club membership $'000
Company	
Cost	
Balance at 1 July 2015	**223**
Written off	**(223)**
Balance at 30 June 2016	**–**
Accumulated amortisation	
Balance at 1 July 2015	**223**
Written off	**(223)**
Balance at 30 June 2016	**–**
Carrying amount	
Balance at 30 June 2016	**–**
Cost	
Balance at 1 July 2014 and 30 June 2015	223
Accumulated amortisation	
Balance at 1 July 2014 and 30 June 2015	223
Carrying amount	
Balance at 1 July 2014 and 30 June 2015	–

During the financial year, the club membership with nil carrying amount was vested on a Director of the Company.

Amortisation of intangible assets is included in "administrative expenses" line item in profit or loss.

During the financial year, the Group recognised an impairment loss of approximately $68,000 (2015: $Nil) included in "administrative expenses" line item in profit or loss in relation to its website development costs and trademarks which were included in third party brand segment. Owning to the continuous losses of a wholly-owned subsidiary, Epi Lifestyle Pte. Ltd., the management has assessed that there would be no future economic benefits arising from the use of the related intangible assets in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

5. **Plant and equipment**

	Demo equipment $'000	Office equipment $'000	Furniture and fittings $'000	Renovation $'000	Motor vehicles $'000	Total $'000
Group						
Cost						
Balance at 1 July 2015	**50**	**1,581**	**1,017**	**4,504**	**408**	**7,560**
Additions	**–**	**67**	**–**	**3**	**–**	**70**
Disposal	**–**	**(37)**	**–**	**–**	**–**	**(37)**
Written off	**(31)**	**–**	**–**	**(547)**	**(356)**	**(934)**
Currency translation adjustment	**–**	**(25)**	**(43)**	**(48)**	**–**	**(116)**
Balance at 30 June 2016	**19**	**1,586**	**974**	**3,912**	**52**	**6,543**
Accumulated depreciation						
Balance at 1 July 2015	**50**	**1,397**	**768**	**3,623**	**257**	**6,095**
Depreciation for the financial year	**–**	**126**	**156**	**518**	**56**	**856**
Disposal	**–**	**(35)**	**–**	**–**	**–**	**(35)**
Written off	**(31)**	**–**	**–**	**(504)**	**(266)**	**(801)**
Currency translation adjustment	**–**	**(20)**	**(33)**	**(36)**	**–**	**(89)**
Balance at 30 June 2016	**19**	**1,468**	**891**	**3,601**	**47**	**6,026**
Carrying amount						
Balance at 30 June 2016	**–**	**118**	**83**	**311**	**5**	**517**
Cost						
Balance at 1 July 2014	50	1,606	863	4,586	408	7,513
Additions	–	112	197	758	–	1,067
Disposal	–	(73)	–	(7)	–	(80)
Written off	–	(39)	–	(785)	–	(824)
Currency translation adjustment	–	(25)	(43)	(48)	–	(116)
Balance at 30 June 2015	50	1,581	1,017	4,504	408	7,560
Accumulated depreciation						
Balance at 1 July 2014	50	1,308	619	3,730	201	5,908
Depreciation for the financial year	–	200	183	686	56	1,125
Disposal	–	(66)	–	(6)	–	(72)
Written off	–	(25)	–	(749)	–	(774)
Currency translation adjustment	–	(20)	(34)	(38)	–	(92)
Balance at 30 June 2015	50	1,397	768	3,623	257	6,095
Carrying amount						
Balance at 30 June 2015	–	184	249	881	151	1,465

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

5. **Plant and equipment (Continued)**

	Demo equipment $'000	Office equipment $'000	Furniture and fittings $'000	Renovation $'000	Motor vehicles $'000	Total $'000
Company						
Cost						
Balance at 1 July 2015	**31**	**319**	**178**	**360**	**408**	**1,296**
Additions	**–**	**12**	**–**	**–**	**–**	**12**
Disposal	**–**	**(5)**	**–**	**–**	**–**	**(5)**
Written off	**(31)**	**–**	**–**	**–**	**(356)**	**(387)**
Balance at 30 June 2016	**–**	**326**	**178**	**360**	**52**	**916**
Accumulated depreciation						
Balance at 1 July 2015	**31**	**298**	**125**	**253**	**257**	**964**
Depreciation for the financial year	**–**	**16**	**41**	**107**	**56**	**220**
Disposal	**–**	**(5)**	**–**	**–**	**–**	**(5)**
Written off	**(31)**	**–**	**–**	**–**	**(266)**	**(297)**
Balance at 30 June 2016	**–**	**309**	**166**	**360**	**47**	**882**
Carrying amount						
Balance at 30 June 2016	**–**	**17**	**12**	**–**	**5**	**34**
Cost						
Balance at 1 July 2014	31	322	178	360	408	1,299
Additions	–	3	–	–	–	3
Disposal	–	(6)	–	–	–	(6)
Balance at 30 June 2015	31	319	178	360	408	1,296
Accumulated depreciation						
Balance at 1 July 2014	31	273	84	133	201	722
Depreciation for the financial year	–	30	41	120	56	247
Disposal	–	(5)	–	–	–	(5)
Balance at 30 June 2015	31	298	125	253	257	964
Carrying amount						
Balance at 30 June 2015	–	21	53	107	151	332

As at 30 June 2015, a motor vehicle with carrying amount of approximately $140,000 was registered in the name of a Director of the Company who was holding the motor vehicle in trust for the Group and the Company. As at 30 June 2016, the motor vehicle with a carrying amount of approximately $90,000 was vested on the Director.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

5. Plant and equipment (Continued)

For the purpose of consolidated statement of cash flows, the Group's additions to plant and equipment were financed as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Additions of plant and equipment	**70**	1,067
Provision for reinstatement costs	**–**	(25)
Cash payments to acquire plant and equipment	**70**	1,042

6. Investments in subsidiaries

	Company	
	2016	**2015**
	$'000	**$'000**
Unquoted equity investments, at cost	**8,507**	3,476
Allowance for impairment loss	**(2,642)**	(2,642)
	5,865	834

The management carried out a review of the investments in subsidiaries, having regard for indicators of impairment on investments in subsidiaries based on the existing performance of subsidiaries at the end of each financial year. The assessment was made with reference to the net assets value of the subsidiaries which represented the fair value less costs of disposal. Based on the management review, there is no movement in impairment loss.

Increase of share capital in wholly-owned subsidiary of the Company

During the financial year, Epicentre Lifestyle Sdn. Bhd., the wholly-owned subsidiary of the Company, increased its issued and paid-up capital by additional allotment of 11,150,528 ordinary shares, for a consideration of $3,731,000 by way of capitalisation of intercompany balances owing to the Company.

Subscription for redeemable preference shares in wholly-owned subsidiary of the Company

During the financial year, Epicentre Pte. Ltd. ("EPI"), a wholly-owned subsidiary of the Company, issued 1,300,000 redeemable preference shares ("RPS") at $1 per share to the Company. EPI may redeem at any or all of the RPS for the time being outstanding by giving not less than one month's prior notice in writing to the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2016 %	2015 %	2016 %	2015 %
Epicentre Solutions Pte. Ltd.[1]	Singapore	Providing IT solutions to educational institutions within Singapore	**100**	100	**–**	–
Epicentre Pte. Ltd.[1]	Singapore	Retail of Apple brand and complementary products	**100**	100	**–**	–
Epicentre Lifestyle Sdn. Bhd.[2]	Malaysia	Retail of Apple brand and complementary products	**100**	100	**–**	–
Epi Lifestyle Pte. Ltd.[1]	Singapore	Retail, trading, repair and service of consumer electronics and digital lifestyle products	**100**	100	**–**	–
Epicentre (Shanghai) Co., Ltd.[3]	People's Republic of China	Dormant	**87**	87	**13**	13

(1) Audited by BDO LLP, Singapore

(2) Audited by BDO, Malaysia, a member firm of BDO International Limited

(3) The subsidiary ceased operation in 2013 and is not considered as significant subsidiary under Rule 718 of the Listing manual – Section B, Rules of Catalist of the Singapore Exchange Securities Trading Limited

7. Inventories

	Group	
	2016 $'000	2015 $'000
Trading goods	**8,156**	12,116

The cost of inventories recognised as an expense and included in "cost of sales" line item in profit or loss amounted to approximately $151,324,000 (2015: $161,696,000).

As at 30 June 2016, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of an allowance for obsolete inventories and inventories written off of approximately $871,000 and $48,000 (2015: $830,000 and $37,000) respectively that have been included in "administrative expenses" line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

8. Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade receivables – third parties	**1,304**	2,269	**25**	11
Allowance for impairment loss	**(10)**	(9)	**–**	–
	1,294	2,260	**25**	11
Due from subsidiaries – non-trade	**–**	–	**4,900**	9,320
Allowance for impairment loss	**–**	–	**(1,802)**	(1,792)
	–	–	**3,098**	7,528
Other receivables	**453**	748	**–**	23
Rental and other deposits	**1,400**	1,478	**1**	1
Total trade and other receivables	**3,147**	4,486	**3,124**	7,563
Add:				
Cash and cash equivalents (Note 9)	**2,546**	5,171	**80**	448
Total loans and receivables	**5,693**	9,657	**3,204**	8,011

Trade receivables are unsecured, interest-free and generally on 30 to 60 days (2015: 30 to 60 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group wrote off trade amounts due from third parties amounting to approximately $85,000 (2015: $1,000) which was recognised subsequent to a debt recovery assessment performed during the financial year.

The non-trade amounts due from subsidiaries are unsecured, interest-free, repayable on demand and are expected to be settled in cash.

Movements in allowance for impairment loss on third parties trade receivables were as follows:

	Group	
	2016	2015
	$'000	$'000
Balance at beginning of financial year	**9**	–
Allowance made during the financial year	**10**	9
Allowance written off during the financial year	**(9)**	–
Balance at end of financial year	**10**	9

The Group's allowance for impairment loss on individual third parties trade receivables of approximately $10,000 (2015: $9,000) was recognised subsequent to a debt recovery assessment performed during the financial year.

Trade receivables that are individually determined to be impaired at the end of the financial year relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

8. Trade and other receivables (Continued)

Movement in allowance for impairment loss on non-trade amounts due from subsidiaries was as follows:

	Company	
	2016	2015
	$'000	$'000
Balance at beginning of financial year	**1,792**	1,792
Allowance made during the financial year	**10**	–
Balance at end of financial year	**1,802**	1,792

An allowance for impairment loss on non-trade amounts due from subsidiaries amounting to approximately $10,000 (2015: $Nil) arose mainly from subsidiaries which have suffered significant losses from their operations where it is not probable that the balances due from these subsidiaries will be recoverable.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Singapore dollar	**2,667**	3,825	**3,026**	6,740
United States dollar	**–**	50	**–**	–
Ringgit Malaysia	**480**	611	**98**	823
	3,147	4,486	**3,124**	7,563

9. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash and bank balances	**2,436**	5,161	**80**	448
Fixed deposits	**110**	10	**–**	–
Cash and cash equivalents as per statements of financial position	**2,546**	5,171	**80**	448
Less:				
Fixed deposit pledged with a bank	**(100)**	–	**–**	–
Cash held with bank as security	**(500)**	–	**–**	–
Cash and cash equivalents as per consolidated statement of cash flows	**1,946**	5,171	**80**	448

Fixed deposits have maturity periods between 1 to 4 months (2015: 1 month) from the end of the financial year. The effective interest rate of the fixed deposit ranges from 0.05% to 0.25% (2015: 0.05%) per annum.

9. Cash and cash equivalents (Continued)

During the financial year, a deposit of $500,000 was placed with a bank as security for bank guarantees extended by the bank. The deposit will be fully discharged upon settlement or expiry of the bank guarantees, on 14 April 2017.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Singapore dollar	**1,644**	2,541	**40**	406
United States dollar	**172**	189	**40**	42
Ringgit Malaysia	**730**	2,440	**–**	–
Chinese renminbi	**–**	1	**–**	–
	2,546	5,171	**80**	448

10. Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade payables – third parties	**6,279**	7,773	**–**	–
Deferred income	**1,165**	354	**1**	1
Accrued operating expenses	**803**	704	**465**	235
Other payables – third parties	**549**	588	**71**	5
Due to subsidiaries – non trade	**–**	–	**11,687**	6,479
Total trade and other payables	**8,796**	9,419	**12,224**	6,720
Add: Borrowings (Note 13)	**4,638**	7,104	**816**	1,264
Less:				
Goods and services tax payable	**(201)**	(137)	**–**	–
Deferred income	**(1,165)**	(354)	**(1)**	(1)
Total financial liabilities carried at amortised cost	**12,068**	16,032	**13,039**	7,983

Trade payables are unsecured, interest-free and are normally settled between 30 to 60 days (2015: 30 to 60 days).

The non-trade amounts due to subsidiaries are unsecured, interest-free, repayable on demand and are expected to be settled in cash.

Deferred income relates to cash received in advance for the sale of Epi vouchers. This income is deferred until actual redemption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

10. Trade and other payables (Continued)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Singapore dollar	**7,653**	7,821	**12,224**	6,720
Ringgit Malaysia	**686**	1,098	**–**	–
Chinese renminbi	**457**	500	**–**	–
	8,796	9,419	**12,224**	6,720

11. Provisions

	Provision for reinstatement costs	**Provision for onerous contract**	**Total**
	$'000	**$'000**	**$'000**
Group			
Balance at 1 July 2015	269	–	269
Provision made during the financial year	–	87	87
Utilisation during the financial year	(19)	–	(19)
Reversal of provision not utilised	(40)	–	(40)
Balance at 30 June 2016	210	87	297
Balance at 1 July 2014	329	–	329
Provision made during the financial year	25	–	25
Utilisation during the financial year	(45)	–	(45)
Reversal of provision not utilised	(40)	–	(40)
Balance at 30 June 2015	269	–	269

Provision for reinstatement costs

The provision for reinstatement costs are the estimated costs of dismantlement, removal or restoration of plant and equipment arising from the use of assets which are capitalised and included in the cost of plant and equipment.

Provision for onerous contract

The Group entered into a non-cancellable lease for an outlet and the lease will expire in August 2017. The outlet has been making losses in past financial years and management expects to continue making losses in the remaining lease period. The obligation for the discounted future payments, net of expected income generated, has been provided for.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

12. Deferred revenue

	Group	
	2016	2015
	$'000	$'000
Non-current:		
Membership fee	**69**	104
Current:		
Customer loyalty award	**223**	165
Membership fee	**265**	113
	488	278

The Group operates the Epicentre Loyalty Programme, where every dollar on the purchase of the Group's products entitles the member to earn one reward point. Reward points accumulated can be used to redeem cash vouchers. The movement in the deferred revenue is as follows:

	Group	
	2016	2015
	$'000	$'000
Customer loyalty award		
Balance at beginning of the financial year	**165**	8
Revenue deferred during the financial year	**223**	165
Recognised in profit or loss during the financial year	**(165)**	(8)
Balance at end of the financial year	**223**	165

The Group operates the Epitude Membership Scheme, where membership fees are received from members at the start of the membership scheme for a period of 2 years.

	Group	
	2016	2015
	$'000	$'000
Membership fee		
Balance at beginning of the financial year	**217**	–
Revenue deferred in respect of membership fees received	**350**	217
Recognised in the profit or loss during the financial year	**(233)**	–
Balance at end of the financial year	**334**	217

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

13. Borrowings

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Unsecured				
Invoice financings	**2,000**	5,840	**–**	–
Short term bank loans	**816**	1,264	**816**	1,264
Crowdfunding financings	**1,822**	–	**–**	–
	4,638	7,104	**816**	1,264

Invoice financings bear interests from 2.64% to 9.25% (2015: 2.42% to 2.93%) per annum and repayable within 1 to 3 months (2015: 1 to 3 months) from the end of the financial year. As at 30 June 2016, invoice financings are supported by the corporate guarantee provided by the Company.

Short term bank loans relate to revolving credit facilities, which are unsecured and bear interest from 2.89% to 4.00% (2015: 2.37% to 3.43%) per annum. Pursuant to the revised banking facilities letter of a bank, one of the short term bank loan is repayable in 4 quarterly instalments of $250,000 commencing 21 April 2016.

Crowdfunding financings relate to fundraising campaigns launched by Epicentre Pte. Ltd., a wholly-owned subsidiary of the Company through peer-to-peer lending platform which is operated by MoolahSense Private Limited. Crowdfunding financings bear interests at 13.50% per annum and repayable within 3 to 11 months from the end of the financial year. As at 30 June 2016, crowdfunding financings are supported by the corporate guarantee provided by the Company.

The borrowings are denominated in Singapore dollar.

As at 30 June 2016, one of the Company's subsidiary (the "subsidiary") was not in compliance with financial covenants set out in the banking facilities letter in respect of invoice financings with a carrying value of $2,000,000 where the subsidiary shall maintain a net worth (defined as paid-up capital, revenue reserves/retained earnings and capital reserves) of not less than $5,000,000. Pursuant to the terms stated in the banking facilities letter, the bank can immediately cancel or recall the facilities and request the subsidiary to make immediate repayments to the bank. Subsequent to the end of the financial year, the subsidiary is able to repay invoice financings due on a timely basis and continue to obtain the invoice financings from the bank.

The Group is actively negotiating with the bank to seek for revised facilities letters to remove or waive the clause on immediate repayments and cancellation of banking facilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

14. Deferred tax liabilities

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Balance at beginning and end of financial year	**69**	69	**15**	15

Deferred tax liabilities arise as a result of temporary differences between the tax written down values and the carrying amounts of plant and equipment.

15. Share capital

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares		$'000	$'000
Issued and fully-paid:				
Balance at beginning and end of financial year	**93,501,600**	93,501,600	**6,709**	6,709

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

16. Treasury shares

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares		$'000	$'000
Issued and fully-paid:				
Balance at beginning and end of financial year	**227,000**	227,000	**69**	69

17. Foreign currency translation reserves

The foreign currency translation reserves comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

18. Revenue

	Group	
	2016	**2015**
	$'000	**$'000**
Sales of goods	**164,019**	178,054
Rendering of services	**68**	444
	164,087	178,498

19. Other income

	Group	
	2016	**2015**
	$'000	**$'000**
Government grants	**287**	199
Rebates	**1,294**	481
Membership fee income	**233**	61
Sponsorship income	**720**	948
Commission income	**80**	123
Others	**15**	186
	2,629	1,998

20. Finance costs

	Group	
	2016	**2015**
	$'000	**$'000**
Interest expense		
– borrowings	**540**	176
– finance lease payables	**–**	1
	540	177

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

21. Loss before income tax

The following have been included in arriving at loss before income tax:

	Group	
	2016	**2015**
	$'000	**$'000**
Administrative expenses		
Allowance for inventory obsolescence	**871**	830
Amortisation of intangible assets	**16**	45
Third parties trade receivables written off	**85**	1
Depreciation of plant and equipment	**856**	1,125
Directors' fees – Directors of the Company	**245**	215
Foreign exchange loss, net	**294**	300
Gain on disposal of plant and equipment	**–**	(3)
Reversal of provision for reinstatement costs not utilised	**(40)**	(40)
Inventories written off	**48**	37
Plant and equipment written off	**133**	50
Allowance for impairment loss on third parties trade receivables	**10**	9
Allowance for impairment loss on intangible assets	**68**	–
Provision for onerous contract	**87**	–
Audit fees		
– auditors of the Company	**76**	78
– other auditors	**8**	8
Non-audit fees		
– auditors of the Company	**15**	20
– other auditors	**2**	2
Operating lease expenses		
– minimum lease payments	**5,713**	6,293
– contingent rents	**121**	206
Employee benefits expense		
– salaries, wages and bonuses	**6,097**	5,617
– contributions to defined contribution plans	**585**	678
– other employee benefits	**863**	819
Selling and distribution costs		
Advertising and promotion	**369**	471
Commission expenses	**679**	759
Credit card charges	**1,518**	1,810

Included in the employee benefits expense were key management personnel's remuneration as shown in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

22. Income tax

	Group 2016 $'000	Group 2015 $'000
Current income tax		
– current financial year	**9**	338
– over provision in respect of prior financial years	**(42)**	(61)
Total income tax expense recognised in profit or loss	**(33)**	277

Reconciliation of effective income tax rate

	Group 2016 $'000	Group 2015 $'000
Loss before income tax	**(5,794)**	(2,598)
Income tax calculated at Singapore's statutory income tax rate of 17% (2015: 17%)	**(985)**	(442)
Effect of different income tax rate in other countries	**(1)**	79
Tax effect of expenses not deductible for income tax purposes	**1,158**	707
Tax effect of income not subject for tax purposes	**(15)**	(6)
Deferred tax asset not recognised in profit or loss	**–**	233
Utilisation of deferred tax asset previously not recognised	**(135)**	(234)
Over provision in respect of prior financial years	**(42)**	(61)
Enhanced income tax deduction	**(20)**	(10)
Others	**7**	11
Total income tax expense recognised in profit or loss	**(33)**	277

Unrecognised deferred tax assets

	Group 2016 $'000	Group 2015 $'000
Balance at beginning of financial year	**802**	803
Amount not recognised during the financial year	**–**	233
Utilisation of deferred tax asset previously not recognised	**(135)**	(234)
Balance at end of financial year	**667**	802

The unrecognised deferred tax assets are attributable to the following temporary differences:

	Group 2016 $'000	Group 2015 $'000
Excess of tax written down value over net book value of plant and equipment	**214**	288
Unutilised tax losses	**456**	448
Others	**(3)**	66
	667	802

22. Income tax (Continued)

Unrecognised deferred tax assets (Continued)

At the end of the financial year, the Group had unutilised tax losses amounting to approximately $2,682,000 (2015: $2,635,000) available for offset against future taxable profits which has no expiry date and subject to agreement by the tax authorities and provisions of the tax legislations of Singapore.

These tax benefits have not been recognised in the financial statements due to the uncertainty of the sufficiency of future taxable profits to be generated for the subsidiaries in the foreseeable future.

23. Loss per share

The calculation for loss per share is based on:

	Group	
	2016	**2015**
Group		
Loss for the financial year attributable to owners of the parent ($'000)	**(5,761)**	(2,875)
Actual number of ordinary shares ('000)	**93,275**	93,275
Basic and diluted loss per share (in cents)	**(6.18)**	(3.08)

Basic loss per share is calculated by dividing loss for the financial year attributable to owners of the parent by the actual number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted loss per share is equivalent to basic loss per share for the financial year.

24. Operating lease commitments

As at the end of the financial year, lease commitments in respect of non-cancellable rental payable of premises and office equipment were as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Within one financial year	**3,339**	5,092	**40**	41
After one financial year but within five financial years	**2,929**	2,933	**70**	110
	6,268	8,025	**110**	151

The above operating lease commitments are based on existing rental rates. Some of the operating leases of premises provide for rentals based on percentage of sales derived from the rented premises. The Group and the Company have the options to renew certain agreements on the lease premises for another 3 years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

25. Significant related party transactions

The Company's transactions and arrangements with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

During the financial year, the following were significant related party transactions at rates and terms agreed between the parties:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
With a Director of the Company				
Rent expense paid to a Director	**28**	54	**–**	–
Loan interest paid to a Director	**90**	–	**54**	–
Loan proceeds from a Director	**1,500**	–	**1,000**	–
Subsidiaries				
Dividend income	**–**	–	**–**	3,000

The loan from a Director bears interests of 30% per annum and the principal and interests were fully repaid to the Director during the financial year.

During the financial year, one of the Company's executive directors disposed of his 100% equity stake in the Company, resulting in the change of controlling shareholder.

Compensation of key management personnel

The remuneration of the key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Directors of the Company				
Directors' fees	**245**	215	**245**	215
Short-term benefits	**1,976**	625	**1,976**	625
Post-employment benefits	**34**	20	**34**	20
	2,255	860	**2,255**	860
Director of a subsidiary				
Short-term benefits	**92**	105	**–**	–
Post-employment benefits	**10**	12	**–**	–
	102	117	**–**	–
Other key management personnel				
Short-term benefits	**413**	677	**259**	677
Post-employment benefits	**36**	50	**11**	50
	449	727	**270**	727

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

25. Significant related party transactions (Continued)

Compensation of key management personnel (Continued)

A motor vehicle with net carrying amount of $90,000 and a fully amortised club membership of the Company were vested on a Director of the Company during the financial year ended 30 June 2016. The depreciation of the motor vehicle and amortisation of the club membership amounted to $50,000 and $Nil (2015: $51,000 and $Nil) respectively, and net carrying amount of motor vehicle are included in the short-term benefits as benefit-in-kind of the Director of the Company.

26. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of the segments separately for the purpose of making decision about resources to be allocated and of assessing performance. Segments performances are evaluated based on operation profit or loss which is similar to the accounting profit or loss.

The Group has two reportable segments being Apple brand products and third party and proprietary brand complementary products.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customers group. They are managed separately because each business unit requires different market strategies.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. Management evaluates performance on the basis of profit or loss from operations before income tax expense not including corporate expenses, non-recurring gains and losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

Segment revenue includes transfers between operating segments are on agreed terms between the operating segments. All inter-segment sales are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

26. Segment information (Continued)

	Apple brand $'000	Third party brand $'000	Group $'000
2016			
Revenue			
External parties	**150,184**	**13,903**	**164,087**
Results[(1)]			
Segment results	**(41)**	**(4)**	**(45)**
Unallocated expenses			**(5,209)**
Finance costs			**(540)**
Loss before income tax			**(5,794)**
Other material non-cash expenses			
Allowance for inventory obsolescence	**(801)**	**(70)**	**(871)**
Depreciation of plant and equipment	**(787)**	**(69)**	**(856)**
Amortisation of intangible assets	**(15)**	**(1)**	**(16)**
Allowance for impairment loss on third parties trade receivables	**(9)**	**(1)**	**(10)**
Third parties trade receivables written off	**(78)**	**(7)**	**(85)**
Inventories written off	**(44)**	**(4)**	**(48)**
Plant and equipment written off	**(122)**	**(11)**	**(133)**
Allowance for impairment loss on intangible assets	**–**	**(68)**	**(68)**
Provision for onerous contract	**(80)**	**(7)**	**(87)**
Reversal of provision for reinstatement costs not utilised	**37**	**3**	**40**
Capital expenditure			
Plant and equipment	**64**	**6**	**70**
2015			
Revenue			
External parties	159,797	18,701	178,498
Results[(1)]			
Segment results	1,424	158	1,582
Unallocated expenses			(4,003)
Finance costs			(177)
Loss before income tax			(2,598)
Other material non-cash expenses			
Allowance for inventory obsolescence	(747)	(83)	(830)
Depreciation of plant and equipment	(1,013)	(112)	(1,125)
Amortisation of intangible assets	(41)	(4)	(45)
Allowance for impairment loss on third parties trade receivables	(8)	(1)	(9)
Third parties trade receivables written off	(1)	–	(1)
Inventories written off	(33)	(4)	(37)
Plant and equipment written off	(45)	(5)	(50)
Reversal of provision for reinstatement costs not utilised	36	4	40
Capital expenditure			
Plant and equipment	960	107	1,067
Intangible assets	9	1	10

(1) Other than revenue and costs of goods sold which can be directly attributable to each operating segment, all other income and expenses except for finance costs are allocated based on each operating segment's proportion of sales for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

26. Segment information (Continued)

	Apple brand $'000	Third party brand $'000	Elimination $'000	Total $'000
2016				
Segment assets	**33,251**	**2,891**	**(21,617)**	**14,525**
Prepaid taxes				**234**
				14,759
Segment liabilities	**33,919**	**2,949**	**(22,580)**	**14,288**
Current income tax payable				**66**
Deferred tax liabilities				**69**
				14,423
2015				
Segment assets	34,096	3,789	(14,424)	23,461
Segment liabilities	33,670	3,741	(20,237)	17,174
Current income tax payable				89
Deferred tax liabilities				69
				17,332

Geographical information

The Group's business segments operate in two main geographical areas. Revenue is based on the countries in which the customers are located.

	Singapore $'000	Malaysia $'000	Group $'000
2016			
Total revenue from external parties	**138,447**	**25,640**	**164,087**
Non-current assets	**294**	**223**	**517**
2015			
Total revenue from external parties	145,620	32,878	178,498
Non-current assets	1,142	407	1,549

Non-current assets shown by the geographical area in which the assets are located.

Major customers

The Group does not have any major customer from which revenue generated is 10% or more of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

27. Financial instruments and financial risks

The Group's and the Company's activities expose them to credit risk, interest rate risk and liquidity risk. The Group's and the Company's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management then established the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

27.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform on-going credit evaluation of their counterparties' financial conditions and generally do not require collateral.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics on trade receivables from third parties. The Company has significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to approximately $3,098,000 (2015: $7,528,000) as at the end of the financial year.

The Group's and the Company's major classes of financial assets are cash and cash equivalents and trade and other receivables.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track records within the Group. The Group's historical experience in the collection of receivables falls within the credit terms. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings assigned by international credit rating agencies.

The age analysis of the Group's trade receivables as at the end of the financial year that are past due is as follows:

	Gross receivables 2016 $'000	Impairment 2016 $'000	Gross receivables 2015 $'000	Impairment 2015 $'000
Past due 1 to 30 days	**252**	**–**	553	–
Past due 31 to 60 days	**193**	**–**	260	–
Past due 61 to 90 days	**92**	**–**	31	–
Past due more than 90 days	**119**	**10**	133	9
	656	**10**	977	9

Management believes that no impairment allowance is necessary in respect of those trade receivables that are past due but not impaired. They are substantially companies with good collection track record and no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

27. Financial instruments and financial risks (Continued)

27.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and Company's exposure to market risk for changes in interest rates relates primarily to borrowings as shown in Note 13 to the financial statements. All the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced to market interest rates on or near the end of the financial year.

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities as at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% (2015: 0.5%) change in the interest rates from the end of the financial year, with all variables held constant.

	Increase/(Decrease) Profit or loss	
	2016	**2015**
	$'000	**$'000**
Group		
Interest rate		
– increased by 0.5% per annum	**(23)**	(36)
– decreased by 0.5% per annum	**23**	36
Company		
Interest rate		
– increased by 0.5% per annum	**(4)**	(6)
– decreased by 0.5% per annum	**4**	6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

27. Financial instruments and financial risks (Continued)

27.3 Liquidity risk

Liquidity risk refer to the risks in which the Group and the Company encounter difficulties in meeting short-term obligations. Liquidity risks are managed by matching the payment and receipt cycles.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of the overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and available banking facilities to meet their working capital requirements.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Within one financial year $'000
Group	
2016	
Financial liabilities	
Non-interest bearing	
– Trade and other payables	**7,430**
Interest bearing	
– Borrowings	**4,812**
	12,242
2015	
Financial liabilities	
Non-interest bearing	
– Trade and other payables	8,928
Interest bearing	
– Borrowings	7,137
	16,065
Company	
2016	
Financial liabilities	
Non-interest bearing	
– Trade and other payables	**12,223**
Interest bearing	
– Borrowings	**824**
	13,047
Financial guarantee contracts	**3,822**
2015	
Financial liabilities	
Non-interest bearing	
– Trade and other payables	6,719
Interest bearing	
– Borrowings	1,267
	7,986
Financial guarantee contracts	5,840

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

27. Financial instruments and financial risks (Continued)

27.3 Liquidity risk (Continued)

The Company has issued corporate guarantees for borrowings of a subsidiary. These borrowings amounted to approximately $3,822,000 (2015: $5,840,000) as at end of the financial year and represented the maximum amount of the guarantee that the Company would be called upon to pay. The earliest period that the guarantee could be called is within 1 year from the end of the financial year. These guarantees are financial guarantee contracts as they require the Company to reimburse the lenders if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the facilities drawn.

The financial guarantees have not been recognised in the Company's separate financial statements as the Directors have assessed that the impact is immaterial and the requirements to reimburse is remote.

28. Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company will be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The capital structure of the Group and the Company consists of equity attributable to owners of the parent, issued capital, treasury shares, foreign currency translation account and retained earnings/(accumulated losses). To maintain or adjust the capital structure, the Group and the Company may adjust the return capital to shareholders or issue new share, make dividend payment or obtain new borrowings. The Group's and the Company's overall strategy remained unchanged from the previous financial year.

The gearing ratio is calculated as net debt divided by total equity plus debt. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Equity consists of total equity attributable to the owners of the parent.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade and other payables	**8,796**	9,419	**12,224**	6,720
Borrowings	**4,638**	7,104	**816**	1,264
Cash and cash equivalents	**(2,546)**	(5,171)	**(80)**	(448)
Net debt	**10,888**	11,352	**12,960**	7,536
Equity attributable to owners of the parent	**770**	6,620	**(3,931)**	1,189
Total capital	**11,658**	17,972	**9,029**	8,725
Gearing ratio	**93%**	63%	**144%**	86%

The Group and the Company are subject to and have complied with externally imposed capital requirements for the financial years ended 30 June 2016 and 30 June 2015, except as disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

29. Fair value of financial instruments

Financial instruments whose carrying amount approximate fair value

The carrying amounts of the Group's and the Company's financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

30. Contingent liabilities

The Company has undertaken to provide continued financial support to certain of its subsidiaries to enable them to operate as going concern and to meet their obligations as and when they fall due for at least 12 months from the end of the financial year. At the end of the financial year, certain subsidiaries had deficiencies in shareholders' fund aggregating approximately $4,349,000 (2015: $3,440,000).

31. Event after the reporting period

Placement of new ordinary shares

On 20 July 2016, the Company had entered into a conditional placement agreement with a placement agent for an aggregate of up to 45,800,000 new ordinary shares (the "Placement Shares") in the capital of the Company at an issue price which shall not be less than $0.25 per Placement Share, amounting to an aggregate consideration of not less than $11,450,000.

STATISTICS OF SHAREHOLDINGS

AS AT 19 SEPTEMBER 2016

SHAREHOLDERS' INFORMATION

Total number of shares excluding treasury shares	:	93,274,600
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary shares

TREASURY SHARES

Total number of shares held as treasury shares	:	227,000
Voting Rights	:	None
Percentage of holding against the total number of issued shares excluding treasury shares	:	0.24%

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	66	10.39	60,691	0.07
1,001 – 10,000	386	60.79	1,901,200	2.04
10,001 – 1,000,000	170	26.77	13,667,509	14.65
1,000,001 AND ABOVE	13	2.05	77,645,200	83.24
TOTAL	**635**	**100.00**	**93,274,600**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LIM TIONG HIAN (LIN ZHONGXIAN)	27,725,800	29.72
2	KGI FRASER SECURITIES PTE. LTD.	10,260,206	11.00
3	DBS NOMINEES (PRIVATE) LIMITED	8,297,000	8.90
4	LEOW KOK MENG (LIAO GUOMING)	6,243,794	6.69
5	GOH ANN ANN JOHNSON	5,194,200	5.57
6	ROWSLEY SPORTS PTE LTD	4,861,000	5.21
7	ABN AMRO NOMINEES SINGAPORE PTE LTD	4,650,000	4.99
8	TEE MAY BUAN OR ONG ENG JOO	3,188,400	3.42
9	LIM & TAN SECURITIES PTE LTD	1,875,000	2.01
10	LI CHOW CHIN	1,600,000	1.72
11	LAM WAI HENG	1,387,800	1.49
12	LEONG MEE WAN	1,232,000	1.32
13	CHAN HENG THYE	1,130,000	1.21
14	NEO CHOON KHIM	932,000	1.00
15	SOH GIM HOE (SU JINHE)	932,000	1.00
16	TAN SIEW EIM	932,000	1.00
17	BRENDA YEO	630,000	0.68
18	TOH SEE KWANG	428,000	0.46
19	COLLIN TSENG CHERN YANG@COLLIN LIU CHERN YANG	405,000	0.43
20	NARONG INTANATE	400,000	0.43
	TOTAL	**82,304,200**	**88.25**

STATISTICS OF SHAREHOLDINGS

AS AT 19 SEPTEMBER 2016

SUBSTANTIAL SHAREHOLDERS

(As registered in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Lim Tiong Hian	27,725,800	29.72	–	–
Leow Kok Meng	6,243,794	6.69	–	–
Goh Ann Ann Johnson	5,194,200	5.57	–	–
Sy Meng Meng(1)	10,260,206	11.00	–	–
GM Capital Management Pte. Ltd.(2)	–	–	5,300,000	5.68
Rowsley Sports Pte Ltd	4,861,000	5.21	–	–
Rowsley Ltd.(3)	–	–	4,861,000	5.21
Garville Pte Ltd(3)	–	–	4,861,000	5.21
Lim Eng Hock(3)	–	–	4,861,000	5.21

The percentage of shareholding above is computed based on the total issued shares of 93,274,600 excluding treasury shares of the Company.

Notes:

(1) Sy Meng Meng has direct interest of 10,260,206 shares held through KGI Fraser Securities Pte. Ltd.

(2) GM Capital Management Pte. Ltd. acts as an investment manager for various clients/funds and has the power to exercise of, a right to vote attached to the securities and has the power to dispose of, or control the disposal of the securities. The registered holder of the securities is the client's or fund's custodian. The 5,300,000 shares are held through DBS Nominees (Private) Limited.

(3) Rowsley Ltd, Garville Pte Ltd and Lim Eng Hock are deemed to be interested in the 4,861,000 shares held by Rowsley Sports Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap. 50.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

36.13% of the Company's total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Epicentre Holdings Limited (the "Company") will be held at 39 Ubi Road 1, World Publications Building, #08-01, Singapore 408695, on 27 October 2016 at 9:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 30 June 2016 together with the Auditors' Report thereon.
(Resolution 1)

2. To re-elect the following Directors of the Company retiring pursuant to Regulation 92 of the Constitution of the Company:

   Mr Lim Tiong Hian **(Resolution 2)**
   Mr Giang Sovann **(Resolution 3)**
   Mr Lim Jin Wei **(Resolution 4)**
   See Explanatory Note (i)

3. To note the retirement of Mr Siow Chee Keong pursuant to Regulation 93 of the Constitution of the Company.

4. To approve the payment of Directors' Fees of $245,000 for the financial year ended 30 June 2016 (2015: $215,000).
(Resolution 5)

5. To re-appoint Messrs BDO LLP, Certified Public Accountants, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
(Resolution 6)

6. To transact any other ordinary business which may properly be transacted at the Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual Section B: Rules of Catalist ("Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuant of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "***Share Issue Mandate***")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuant of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

   (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

   (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual Section B: Rules of Catalist of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

(Resolution 7)

See Explanatory Note (ii)

NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to issue shares under the Epicentre Holdings Limited Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant share awards under the Epicentre Holdings Limited Performance Share Plan (the "**Plan**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(Resolution 8)

See Explanatory Note (iii)

9. **Authority to issue shares under the Epicentre Holdings Limited Scrip Dividend Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to issue such number of shares in the Company as may be required to be issued pursuant to the Epicentre Holdings Limited Scrip Dividend Scheme (the "**Scheme**") from time to time in accordance to the terms and conditions of the Scheme set out on pages 81 to 86 of the Circular dated 7 June 2010 and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(Resolution 9)

See Explanatory Note (iv)

By Order of the Board

Low Yew Shen
Yun Chee Keen
Joint Company Secretaries

Singapore
12 October 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Lim Tiong Hian will, upon re-election as a Director of the Company, remain as Executive Chairman and Acting Chief Executive Officer of the Company.

Mr Giang Sovann and Mr Lim Jin Wei will, upon re-election as Directors of the Company, remain as Independent Directors, members of the Audit and Risk Committee, Nominating Committee and Remuneration Committee respectively and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

(ii) Resolution 7 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) Resolution 8 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of share awards under the Plan provided that the aggregate additional shares to be issued pursuant to the Plan do not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(iv) Resolution 9 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoke by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the Epicentre Holdings Limited Scrip Dividend Scheme.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.

2. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act (Cap. 50)) is entitled to appoint not more than two proxies and where two proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy.

3. A member who is a relevant intermediary is entitled to appoint more than two proxies and where such member's form of proxy appoints more than one proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.

4. In any case where more than one proxy is appointed, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no such proportion or number is specified, the first name proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

5. If the appointer is a corporation, the instrument appointing a proxy must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 39 Ubi Road 1, World Publications Building, #08-01, Singapore 408695 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representative appointed for the Meeting (including any adjournment thereof), and in order for the Company (or its agents or services providers) to company with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representatives to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representatives for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice 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 notice.*

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

The contact person for the Sponsor is:–

Name: Mr Bernard Lui, Stamford Corporate Services Pte. Ltd.
Address: 10 Collyer Quay 27-00 Ocean Financial Centre Singapore 049315
Tel: 6389 3000

EPICENTRE HOLDINGS LIMITED

(Company Registration No. 200202930G)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy Epicentre Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ____

of ____

being a member/members of **EPICENTRE HOLDINGS LIMITED** (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 39 Ubi Road 1, World Publications Building, #08-01, Singapore 408695 on 27 October 2016 at 9:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with a tick √ within the box provided.)

No.	**Resolutions relating to:**	**By way of poll**	
		For	**Against**
Ordinary Business			
1	Directors' Report and Audited Accounts for the financial year ended 30 June 2016 together with Auditors' Report thereon		
2	Re-election of Mr Lim Tiong Hian as a Director		
3	Re-election of Mr Giang Sovann as a Director		
4	Re-election of Mr Lim Jin Wei as a Director		
5	Approval of Directors' Fees amounting to S$245,000		
6	Re-appointment of Messrs BDO LLP as Auditors		
Special Business			
7	Authority to issue shares		
8	Authority to issue shares under the Epicentre Holdings Limited Performance Share Plan		
9	Authority to issue shares under the Epicentre Holdings Limited Scrip Dividend Scheme		

Dated this __________ day of __________________________ 2016

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in the relevant Section of the Securities and Futures Act (Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the above Annual General Meeting of the Company (the "**Meeting**") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act (Cap. 50)) is entitled to appoint not more than two proxies and where two proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies and where such member's form of proxy appoints more than one proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.

5. In any case where a more than one proxy is appointed, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no such proportion or number is specified, the first name proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

6. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

7. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 39 Ubi Road 1, World Publications Building, #08-01, Singapore 408695 not less than forty-eight (48) hours before the time appointed for the Meeting.

8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act (Cap. 50).

10. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 October 2016.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

GROUP INFORMATION

FULL NAME OF COMPANY
Epicentre Holdings Limited

COMPANY REGISTRATION NUMBER
200202930G

WEBSITE
www.epicentreasia.com

BOARD OF DIRECTORS
Lim Tiong Hian *(Appointed on 24 June 2016)*
(Executive Chairman and Acting Chief Executive Officer)
Siow Chee Keong Joshua *(Lead Independent Director)*
Azman Hisham Bin Ja'afar *(Independent Director)*
Giang Sovann *(Appointed on 12 July 2016)*
(Independent Director)
Lim Jin Wei *(Appointed on 12 July 2016)*
(Independent Director)

AUDIT & RISK COMMITTEE
Siow Chee Keong Joshua *(Chairman)*
Azman Hisham Bin Ja'afar
Giang Sovann
Lim Jin Wei

NOMINATING COMMITTEE
Azman Hisham Bin Ja'afar *(Chairman)*
Siow Chee Keong Joshua
Giang Sovann
Lim Jin Wei

REMUNERATION COMMITTEE
Giang Sovann *(Chairman)*
Azman Hisham Bin Ja'afar
Siow Chee Keong Joshua
Lim Jin Wei

REGISTERED OFFICE
39 Ubi Road 1
#08-01 World Publications Building
Singapore 408695
Telephone: +65 6601 9100
Facsimile: +65 6601 9111

COMPANY SECRETARIES
Yun Chee Keen
Low Yew Shen

AUDITORS
BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
Partner-in-charge: Yeo Siok Yong
(First appointed in respect of the financial year ended 30 June 2016)

SHARE REGISTRAR & SHARE TRANSFER OFFICE
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01, Singapore Land Tower
Singapore 048623
Telephone: +65 6536 5355
Facsimile: +65 6536 1360

PRINCIPAL BANKERS
Australia and New Zealand Banking Group Limited
DBS Bank Limited
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

Epicentre Holdings Limited

39 Ubi Road 1 ■ #08-01 World Publications Building ■ Singapore 408695
Telephone: +65 6601 9100 ■ Facsimile: +65 6601 9133
Website: www.epicentreasia.com

SINGAPORE ■ MALAYSIA