



ENVICTUS INTERNATIONAL HOLDINGS LIMITED
(Company Registration No: 200313131Z)

UNAUDITED FULL YEAR RESULTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a) (i) Consolidated Statement of Comprehensive Income

	2017 RM'000	2016 RM'000	Change %
Revenue	410,331	362,674	13.1
Cost of goods sold	(274,497)	(252,476)	8.7
Gross profit	135,834	110,198	23.3
Other operating income	16,686	24,922	(33.0)
Operating expenses			
Administrative expenses	(43,322)	(37,753)	14.8
Selling and marketing expenses	(92,090)	(61,589)	49.5
Warehouse and distribution expenses	(26,756)	(24,881)	7.5
Research and development expenses	(958)	(1,433)	(33.1)
Other operating expenses	(33,843)	(1,750)	>100
	(196,969)	(127,406)	54.6
(Loss)/Profit before interest and tax	(44,449)	7,714	>100
Finance costs	(4,991)	(4,202)	18.8
(Loss)/Profit before income tax	(49,440)	3,512	>100
Income tax expense	(4,101)	(2,056)	99.5
(Loss)/Profit for the year	(53,541)	1,456	>100

1(a) (i) Consolidated Statement of Comprehensive Income (continued)

	2017 RM'000	2016 RM'000	Change %
(Loss)/Profit for the year	(53,541)	1,456	>100
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	1,051	(9,316)	>100
Net fair value loss on available-for-sale financial assets	30	(15,060)	>100
Net fair value changes on available-for-sale financial assets reclassified to profit or loss	15,541	-	>100
Other comprehensive income	16,622	(24,376)	>100
Total comprehensive income for the financial year	(36,919)	(22,920)	61.1
(Loss)/Profit attributable to :			
Owners of the Company	(52,405)	2,863	>100
Non-controlling interests	(1,136)	(1,407)	(19.3)
	(53,541)	1,456	>100
Total comprehensive income attributable to:			
Owners of the Company	(35,659)	(20,625)	72.9
Non-controlling interests	(1,260)	(2,295)	(45.1)
	(36,919)	(22,920)	61.1

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

	2017 RM'000	2016 RM'000	Change %
Allowance for doubtful receivables	679	449	51.2
Allowance for doubtful receivables, no longer required, now written back	(256)	(435)	(41.1)
Allowance for write-down of inventories	1,136	285	>100
Amortisation of intangible assets	547	546	0.2
Depreciation of property, plant and equipment	22,777	15,990	42.4
Depreciation of investment properties	482	431	11.8
Dividend income	(2,321)	(3,375)	(31.2)
Fair value gain on held-for-trading investments, net	(3,417)	(217)	>100
Foreign currency exchange gain, net	(1,936)	(5,697)	(66.0)
Gain on disposal of held-for-trading investments	(298)	(802)	(62.8)
Gain on disposal of property, plant and equipment	(331)	(156)	>100
Gain on disposal of assets held for sale	-	(9,559)	(100)
Finance costs	4,991	4,202	18.8
Interest income	(1,284)	(1,587)	(19.1)
Inventories written off	1,286	173	>100
Property, plant and equipment written off	685	1,466	(53.3)
Write back of impairment on property, plant and equipment	-	(13)	(100)
Impairment loss on available-for-sale financial asset	32,870	-	100
Reversal of allowance for write-down of inventories	(285)	-	100

1(b) (i) Statements of Financial Position

	Group		Company	
	As at 30.09.2017 RM'000	As at 30.09.2016 RM'000	As at 30.09.2017 RM'000	As at 30.09.2016 RM'000
Non-current assets				
Property, plant and equipment	256,871	195,930	-	1
Investment properties	27,563	23,702	-	-
Investments in subsidiaries	-	-	90,351	13,627
Available-for-sale financial assets	242	17,041	-	16,829
Deferred tax assets	721	1,067	-	-
Intangible assets	32,842	30,667	-	7
	318,239	268,407	90,351	30,464
Current assets				
Inventories	44,644	43,723	-	-
Trade and other receivables	59,252	56,669	279,541	290,687
Tax recoverable	573	2,291	-	1,127
Held-for-trading investments	23,413	57,278	23,413	57,278
Fixed deposits	14,225	13,821	-	-
Cash and bank balances	35,664	45,561	5,175	4,633
	177,771	219,343	308,129	353,725
Current liabilities				
Trade and other payables	47,857	46,054	1,518	148,214
Bank borrowings	42,807	48,525	8,746	3,919
Finance lease payables	7,316	5,672	-	-
Current income tax payable	178	425	162	425
	98,158	100,676	10,426	152,558
Net current assets	79,613	118,667	297,703	201,167
Non-current liabilities				
Provision for restoration costs	1,353	864	-	-
Bank borrowings	72,411	26,409	-	-
Finance lease payables	16,538	15,049	-	-
Financial guarantee contracts	-	-	3,522	1,606
Deferred tax liabilities	2,270	2,553	-	-
	92,572	44,875	3,522	1,606
Net assets	305,280	342,199	384,532	230,025
Capital and reserves				
Share capital	111,406	111,406	111,406	111,406
Treasury shares	(183)	(183)	(183)	(183)
Foreign currency translation reserve	33,400	31,791	51,424	44,458
Fair value reserve	(7)	(15,727)	-	(15,107)
Share options reserve	9,507	9,507	9,507	9,507
Other reserves	(4,562)	(4,562)	-	-
Accumulated profits	165,294	218,282	212,378	79,944
Equity attributable to the owners of the Company	314,855	350,514	384,532	230,025
Non-controlling interests	(9,575)	(8,315)	-	-
Total equity	305,280	342,199	384,532	230,025

1(b) (ii) Aggregate amount of the Group's borrowings and debt securities.

	Secured	
	As at 30.09.2017 RM'000	As at 30.09.2016 RM'000
Amount payable within one year		
Bank borrowings	42,807	48,525
Finance lease payables	7,316	5,672
	<u>50,123</u>	<u>54,197</u>
Amount payable after one year		
Bank borrowings	72,411	26,409
Finance lease payables	16,538	15,049
	<u>88,949</u>	<u>41,458</u>
Total	<u>139,072</u>	<u>95,655</u>

The Group's bank borrowings as at 30 September 2017 are secured against the following:

- ⇒ Pledge of land and buildings;
- ⇒ Pledge of shares of a subsidiary;
- ⇒ Debenture comprising fixed and floating charge over all future and present assets of a subsidiary;
- ⇒ Pledge of available-for-sale financial assets; and
- ⇒ Company's Corporate Guarantees, except for a secured term loan of RM102,000 (30 September 2016 : RM131,000).

The Group's finance lease payables are secured by way of a charge against the respective machineries and motor vehicles under finance leases.

1(c) Consolidated Statement of Cash Flows

	2017 RM'000	2016 RM'000
Operating activities		
(Loss)/Profit before income tax	(49,440)	3,512
Adjustments for:		
Allowance for doubtful receivables	679	449
Allowance for doubtful receivables no longer required, now written back	(256)	(435)
Allowance for write-down of inventories	1,136	285
Amortisation of intangible assets	547	546
Depreciation of property, plant and equipment	22,777	15,990
Depreciation of investment properties	482	431
Dividend income	(2,321)	(3,375)
Fair value gain on held-for-trading investments, net	(3,417)	(217)
Foreign currency exchange loss gain, net	(1,591)	(5,153)
Gain on disposal of held-for-trading investments	(298)	(802)
Gain on disposal of property, plant and equipment	(331)	(156)
Gain on disposal of assets held for sale	-	(9,559)
Finance costs	4,991	4,202
Interest income	(1,284)	(1,587)
Inventories written off	1,286	173
Impairment loss on available-for-sale financial asset	32,870	-
Property, plant and equipment written off	685	1,466
Reversal of allowance for write-down of inventories	(285)	-
Write back of impairment on property, plant and equipment	-	(13)
Operating profit before working capital changes	6,230	5,757
Working capital changes:		
Inventories	(2,730)	(5,629)
Trade and other receivables	2,735	5,737
Trade and other payables	(4,588)	5,868
Cash generated from operations	1,647	11,733
Interest paid	(1,259)	(1,514)
Income tax paid, net	(2,477)	(5,332)
Net cash (used in)/generated from operating activities	(2,089)	4,887
Investing activities		
Acquisition of held-for-trading investments	-	(1,059)
Acquisition of available-for-sale financial assets	-	(32,123)
Acquisition of subsidiaries, net of cash acquired (Note 1(c)(i))	(139)	(17,456)
Dividends received	2,321	3,375
Interest received	1,284	1,587
Net changes in fixed deposits pledged to bank	247	-
Proceeds from disposal of held-for-trading investments	39,311	57,242
Proceeds from disposal of property, plant and equipment	622	563
Proceeds from disposal of assets held for sale	-	14,426
Purchase of intangible assets	(975)	(938)
Purchase of investment property	-	(24,133)
Purchase of property, plant and equipment	(80,322)	(58,359)
Net cash used in investing activities	(37,651)	(56,875)

1(c) Consolidated Statement of Cash Flows (continued)

	2017 RM'000	2016 RM'000
Financing activities		
Acquisition of non-controlling interests	-	(3,772)
Interest paid	(3,732)	(2,688)
Repayment of finance lease obligations	(6,565)	(4,476)
Repayment of bank borrowings	(85,508)	(85,000)
Drawdown of bank borrowings	125,992	112,152
Net cash generated from financing activities	30,187	16,216
Net change in cash and cash equivalents	(9,553)	(35,772)
Cash and cash equivalents at the beginning of financial year	58,323	96,471
Effect of exchange rate changes	103	(2,376)
Cash and cash equivalents at the end of financial year	48,873	58,323
Cash and cash equivalents comprise the following:		
Cash and bank balances	35,664	45,561
Unpledged fixed deposits	13,654	13,551
Bank overdraft	(445)	(789)
	48,873	58,323

1(c)(i) Note to Consolidated Statement of Cash Flows

On 30 November 2016, the Group acquired 2,925,000 ordinary shares in the share capital of The Delicious Group Sdn Bhd ("Delicious"), representing 100% of equity interest in Delicious for a total aggregate cash consideration of RM518,000.

The fair value of the identifiable assets and liabilities of Delicious as at the acquisition date were as follows:

	Fair value recognised on acquisition RM'000	Carrying amount on acquisition RM'000
Net identifiable assets and liabilities:		
Property, plant and equipment	590	590
Intangible asset*	1,329	-
Inventories	180	180
Trade and other receivables	1,658	1,658
Tax recoverable	101	101
Pledged fixed deposits	544	544
Cash and bank balances	379	379
Trade and other payables	(4,241)	(4,241)
Provisions	(439)	(439)
Total identifiable net assets	101	(1,228)
Goodwill arising from acquisition*	417	
Total purchase consideration	518	
Less: Cash and bank balances acquired	(379)	
Net cash outflow from acquisition	139	

* Goodwill and brand arising from the acquisition have been determined on a provisional basis.

1(d) (i) Statements of Changes in Equity

Group	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Share options reserve	Other reserves	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2016	111,406	(183)	31,791	(15,727)	9,507	(4,562)	218,282	350,514	(8,315)	342,199
Loss for the financial year	-	-	-	-	-	-	(52,405)	(52,405)	(1,136)	(53,541)
Other comprehensive income :										
Exchange differences on translation of foreign operations	-	-	1,609	(434)	-	-	-	1,175	(124)	1,051
Available- for- sale financial assets	-	-	-	15,571	-	-	-	15,571	-	15,571
Total other comprehensive income	-	-	1,609	15,137	-	-	-	16,746	(124)	16,622
Total comprehensive income for the financial year	-	-	1,609	15,137	-	-	(52,405)	(35,659)	(1,260)	(36,919)
Transfer to retained earnings	-	-	-	583	-	-	(583)	-	-	-
At 30 September 2017	111,406	(183)	33,400	(7)	9,507	(4,562)	165,294	314,855	(9,575)	305,280
At 1 October 2015	111,406	(183)	40,219	(667)	9,507	(2,168)	215,419	373,533	(6,139)	367,394
Profit/(Loss) for the financial year	-	-	-	-	-	-	2,863	2,863	(1,407)	1,456
Other comprehensive income:										
Exchange differences on translation of foreign operations	-	-	(8,428)	-	-	-	-	(8,428)	(888)	(9,316)
Available- for- sale financial assets	-	-	-	(15,060)	-	-	-	(15,060)	-	(15,060)
Total other comprehensive income	-	-	(8,428)	(15,060)	-	-	-	(23,488)	(888)	(24,376)
Total comprehensive income for the financial year	-	-	(8,428)	(15,060)	-	-	2,863	(20,625)	(2,295)	(22,920)
Changes in ownership interests in subsidiaries:										
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	1,497	1,497
Acquisition of non-controlling interest without a charge in control	-	-	-	-	-	(2,394)	-	(2,394)	(1,378)	(3,772)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	(2,394)	-	(2,394)	119	(2,275)
At 30 September 2016	111,406	(183)	31,791	(15,727)	9,507	(4,562)	218,282	350,514	(8,315)	342,199

1(d) (i) Statements of Changes in Equity

Company	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Share options reserve	Accumulated profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2016	111,406	(183)	44,458	(15,107)	9,507	79,944	230,025
Profit for the financial year	-	-	-	-	-	132,434	132,434
Other comprehensive income:							
Exchange differences on translation	-	-	6,966	(434)	-	-	6,532
Available-for-sale financial assets	-	-	-	15,541	-	-	15,541
Total other comprehensive income	-	-	6,966	15,107	-	-	22,073
Total comprehensive income for the financial year	-	-	6,966	15,107	-	132,434	154,507
At 30 September 2017	111,406	(183)	51,424	-	9,507	212,378	384,532
At 1 October 2015	111,406	(183)	51,404	-	9,507	59,268	231,402
Profit for the financial year	-	-	-	-	-	20,676	20,676
Other comprehensive income:							
Exchange differences on translation	-	-	(6,946)	-	-	-	(6,946)
Available-for-sale financial assets	-	-	-	(15,107)	-	-	(15,107)
Total other comprehensive income	-	-	(6,946)	(15,107)	-	-	(22,053)
Total comprehensive income for the financial year	-	-	(6,946)	(15,107)	-	20,676	(1,377)
At 30 September 2016	111,406	(183)	44,458	(15,107)	9,507	79,944	230,025

- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrant, conversion of other issues of equity securities, issue of shares for cash, or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital	Number of shares	COMPANY S\$'000	RM'000
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Issued and fully paid-up ordinary shares as at 30 June 2017 and 30 September 2017	126,385,289	46,526	111,406
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Treasury Shares	Number of treasury shares	COMPANY S\$'000	RM'000
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Balance as at 30 September 2017	(242,000)	(76)	(183)
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Share Capital	Number of shares	COMPANY S\$'000	RM'000
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<u>After share consolidation</u> Issued and fully paid-up ordinary shares as at 30 June 2016 and 30 September 2016	126,385,289	46,526	111,406
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Treasury Shares	Number of treasury shares	COMPANY S\$'000	RM'000
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<u>After share consolidation</u> Balance as at 30 September 2016	(242,000)	(76)	(183)
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On 12 February 2016, the Company completed its share consolidation exercise with every five (5) existing shares consolidated to constitute one (1) consolidated share.

	As at 30.09.2017	As at 30.09.2016
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The number of shares that may be issued on exercise of share options outstanding at the end of the financial year	2,378,000*	2,408,600
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* The remaining unexercised share options have expired and lapsed on 12 October 2017 at 5.00 p.m.

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 September 2017, the total number of issued shares less treasury shares of the Company was 126,143,289 shares (30 September 2016: 126,143,289 shares).

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2017.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard (eg. the Singapore Standard on Auditing 910 Engagement to Review Financial Statements), or an equivalent standard.

The figures have not been audited or reviewed.

3 Where the figures had been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and method of computation as in the issuer's most recently audited financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation in these financial statements as those used in preparing the audited annual financial statements for the financial year ended 30 September 2016. In addition, the Group also adopted various revisions to the Singapore Financial Reporting Standards ("FRS") which became effective beginning 1 October 2016.

5 If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect, of the change.

The adoption of the said revisions has no significant impact to these financial statements.

6 Earnings per ordinary shares of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year after deducting any provision for preference dividends.

	Group	
	30.09.2017	30.09.2016
Net (loss)/profit attributable to owners of the Company for the financial year (RM '000)	(52,405)	2,863
Weighted average number of ordinary shares		
- Basic	126,143,289	126,143,289
- Fully diluted	126,143,289	126,143,289
(Loss)/Earnings per share (RM sen)		
- Basic	(41.54)	2.27
- Fully diluted	(41.54)	2.27

- 7 **Net asset value (for issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

Group		Company	
As at	As at	As at	As at
30.09.2017	30.09.2016	30.09.2017	30.09.2016
RM	RM	RM	RM

Net asset value per ordinary share based on issued share capital at the end of the financial year

2.42 2.71 3.05 1.82

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cashflow, working capital, assets or liabilities of the group during the current financial period.**

Business Segments

The Group's core business segments are as follows:

- a) Trading and Frozen Food Division;
- b) Food Services Division – Texas Chicken, San Francisco Coffee and Delicious;
- c) Nutrition Division; and
- d) Food Processing Division comprising of:
 - bakery;
 - butchery;
 - beverages; and
 - contract Packing for Dairy and Juice based drinks.

Performance Review

Review on Consolidated Statement of Comprehensive Income

For financial year ended 30 September 2017 ("FYE 2017"), the Group recorded a revenue of RM410.3 million, a growth of RM47.6 million or 13.1% compared to the preceding year of RM362.7 million. The increase in the Group's topline was mainly contributed by the Food Services Division.

Food Services Division continues to register a robust growth in top line by RM48.5 million or 60.2%, from RM80.6 million to RM129.1 million. This was driven mainly by Texas Chicken which achieved a strong increase in revenue from RM70.2 million to RM99.9 million, representing an increase of RM29.7 million or 42.3% as a result of the improvement in sales of existing outlets and the opening of eleven new restaurant outlets since FYE 2016 to 39 stores. The improved sales performance of Texas Chicken was attributed to market acceptance of its products quality, value and brand recognition. San Francisco Coffee chain with 37 stores and the newly acquired Delicious restaurants business have also contributed an additional RM12.6 million and RM6.2 million revenue, respectively to the Division.

Food Processing Division has achieved overall growth in sales by RM1.1 million or 1.5%, from RM75.1 million to RM76.2 million. This was primarily driven by better performance of Contract Packing for Dairy and Juice based drinks business which has contributed significant sales growth of RM6.1 million or 35.7%, from RM17.1 million to RM23.2 million on the back of higher sales volume from its existing and new customers. However, the Division was impacted by the beverages business which recorded a decline in revenue of RM5.5 million or 31.1%, from RM17.7 million to RM12.2 million amid lower export and local sales resulting from the continued slowdown of China market and the ongoing price war amongst the local competitors.

Trading and Frozen Food Division registered a marginal growth in revenue of RM0.3 million or 0.2%, from RM170.6 million to RM170.9 million despite the weak consumers' sentiment and the ever increasing food costs and the shortages of meat and dairy products.

However, the improved performance of the three divisions was impacted by lower revenue contribution from the Nutrition Division which reported a decline in revenue of RM2.1 million or 5.8%, from RM36.3 million to RM34.2 million. For some period now Nutrition Division has lost market share in the traditional distribution channel primarily due to more competitively priced US brands as well as a significant increase in dealings by Australian and New Zealand brands as they compete to retain market share. Additionally, market share is down in the key New Zealand supermarket channel which is due to aggressive competitor promotional programmes. The Malaysian sales channel has significantly dropped due to weak market sentiment.

The Group's gross profit margin improved from 30.4% to 33.1% year-on-year on the back of higher sales contribution from the Food Services Division which derives higher margin from their products.

Other operating income was recorded at RM16.7 million, a reduction of RM8.2 million or 33.0%. This was mainly due to the one-off gain of RM9.6 million on the disposal of land and building in Indonesia in the previous corresponding year. Other operating income comprises mainly the income from held-for-trading investments of RM6.1 million, reversal of over-provision of incidental costs on disposal of subsidiaries of RM2.8 million, foreign currency fluctuation gain of RM1.9 million and rental income from corporate building of RM1.6 million.

Overall, operating expenses were higher at RM197.0 million from RM127.4 million, an increase of RM69.6 million or 54.6%. This was mainly due to the impairment loss for a quoted investment amounting to RM32.9 million (which includes RM15.6 million fair value adjustment previously recognized in the fair value reserve now recycled to the profit or loss) in Yamada Green Resources Limited ("Yamada"). Yamada has applied for trading suspension of its quoted securities on the Singapore Exchange on 6 September 2017 due to various factors including its inability to produce its financial statements and a fire incident that has destroyed certain financial documents and IT/Computer hardware. In addition, the increase in operating expenses was also due to higher selling and marketing expenses and administrative expenses, which increased by RM30.5 million or 49.5% and RM5.6 million or 14.8%, respectively to support the expansion of Texas Chicken restaurants and San Francisco Coffee Chain businesses, as well as inclusion of operating costs of the newly acquired Delicious restaurant business.

Finance costs increased by RM0.8 million or 19.0%, from RM4.2 million to RM5.0 million was mainly due to higher bank borrowings to part finance the acquisition of Pulau Indah land and the investment in quoted investment, coupled with an additional hire purchase facilities utilised to finance the set-up costs of the new restaurant outlets.

The Group recorded an income tax expense of RM 4.1 million mainly due to profits generated by certain subsidiaries and the non-availability of group relief for losses incurred by certain subsidiaries.

Overall, the Group registered a loss after tax of RM53.5 million, from a profit after tax of RM1.5 million in the previous corresponding year.

Review on Statements of Financial Position

Non-current assets overall increased by RM49.8 million. Property, plant and equipment increased by RM60.9 million largely attributed to the construction of factory buildings and set up costs for the new restaurant outlets of RM56.9 million and RM23.1 million, respectively. Investment properties increased by RM3.9 million due mainly to the reclassification from property, plant and equipment for the land and building leased out to third party. Intangible assets increased by RM2.2 million was mainly from the identified goodwill and brand value of RM1.7 million arising from the acquisition of Delicious restaurant business. The Group's investment in available-for-sale financial assets declined significantly by RM16.8 million following the recognition of impairment loss arising from the trading suspension of the quoted investment listed on the Singapore Exchange.

Inventories increased by RM0.9 million was mainly attributable to higher stock holding in line with the increase in sales and additional new restaurant outlets from Food Services Division. Trade and other receivables were higher by RM2.6 million due principally to deposits and prepayments paid for setting up the new restaurant outlets, and inclusion of the receivables of a newly acquired subsidiary. Part of the cash and bank balances together with the RM39.3 million proceeds from the disposal of held-for-trading investments were utilised for the construction of factory buildings, set up costs for new restaurant outlets and acquisition of a subsidiary. These have resulted in the reduction of the current assets by RM41.6 million.

Overall, the Group's current liabilities declined by RM2.5 million. Bank borrowings were reduced by RM5.7 million due to lower usage of trade line facilities during the financial year. The increase in finance lease payables by RM1.6 million was largely utilised to finance the set up costs for new restaurant outlets. The construction of factory buildings and set-up costs of the new restaurant outlets has resulted the trade and other payables to increase by RM1.8 million.

The Group's non-current liabilities increased by RM47.7 million primarily attributed to higher bank borrowings of RM46.0 million to finance the construction of factory buildings. In addition, the finance lease payables has also increased by RM1.5 million to finance mainly the set-up costs of new restaurant outlets.

Review on Consolidated Statement of Cash Flows

The Group recorded a net decrease in cash and cash equivalents of RM9.6 million for the current financial year ended 30 September 2017.

The profit generated from operations and collection from trade and other receivables amounted to RM6.2 million and RM2.7 million, respectively. These were utilised for the settlement of trade and other payables of RM4.5 million, built-up of inventories of RM2.7 million, income tax payment of RM2.5 million and interest payment of RM1.3 million which resulted in net cash used in operating activities of RM2.1 million.

For investing activities, the Group utilised RM81.4 million mainly for the purchase of property, plant and equipment. Cash amounting to RM43.8 million were largely raised from the sale of held-for-trading investments, dividend and interest received. These resulted in net cash utilised of RM37.6 million in the investing activities.

For financing activities, the Group has drawdown the bank borrowings of RM126.0 million to finance the construction of factory buildings and additional trade line facilities taken. This amount was reduced by RM95.8 million for the settlement of bank borrowings, hire purchase payables and interest. These resulted the net cash generated in financing activities of RM30.2 million.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

a) Trading and Frozen Food Division

The Malaysian Ringgit, having recovered slightly during the last few quarters, has remained range bound against the US Dollar. However, this did not prevent majority of food costs from increasing, particularly the inability to get supplies of meat and dairy products. The increased costs and the implementation of the GST have resulted in tightening of spending by consumers.

Prices of lamb and mutton from Australia and New Zealand continue to increase due to shortage of animal and farmers demanding higher prices. Although lamb shoulder price has gone down due to lesser demand from China, it is also difficult to get the required supply quantity. The suspension of import from three plants in Australia by the Malaysian Halal Authority has resulted in difficulty in sourcing for beef although the price has been quite stable.

The main supplier for cheese and butter from Australia has temporary suspended production citing severe shortage of milk. Efforts to source from other countries were also met with the same reason or prices quoted are generally significantly higher. This has impacted the revenue for cheese and butter.

Pok Brothers has completed the construction of its new warehouse facility in the Selangor Halal Hub in Pulau Indah and is expected to move into the bigger facility, which will cater for the expansion and growth of Pok Brothers and the Group by end November. The existing facility in Glenmarie will continue to serve as the central distribution point for Klang Valley. Meanwhile, it is expected that operating costs associated with a bigger facility will impact the bottom line until the new revenue kicks in. In addition, unless there is improvement on the supplies side, the next twelve months will be very challenging for the division to maintain or improve its performance.

b) Food Services Division

Prices of most raw materials have been stable with the slight recovery of the Ringgit against US Dollar. Consumers' sentiment remains weak following the implementation of the GST which has triggered increase in prices of goods and services compounded with the increase in toll charges, reduction in rebate for electricity charges and increase in fuel price. All these factors have resulted in a slower retail market with consumers tightening on spending. Despite these factors, Texas Chicken is able to sustain healthy sales due to market acceptance of its brand, products quality, value and services.

For Texas Chicken, bone-in-chicken price for one of its major suppliers has increased slightly while others remained unchanged based on existing contracts. Higher rebates have been obtained from certain suppliers on achievement of targeted volume. Overall, Texas Chicken should be able to negotiate for better prices of most food costs to mitigate any price increase as it will be in a better bargaining position as volume grows in tandem with the increasing number of outlets. Texas also constantly source for new suppliers to complement its growing business to ensure the lowest prices are obtained.

The top line of existing stores continues to strengthen on the back of the success of the operations executions, marketing strategy and limited time offers together with the growing number of outlets. Because of the continuing strength of Texas Chicken and the growing number of malls compounded by the current slower retail trade, it has been attracting offers from malls and shop lots in and outside the Klang Valley. This has enable Texas Chicken to improve the site selections and rental terms. For the current quarter, Texas has opened another three stores located in Cheras, Taiping and Sungai Buloh, and for the whole financial year 2017, it has opened a total of eleven stores and has recently opened another two stores in Bandar Baru Ampang and One Utama shopping Complex, bringing to date a total of 41 stores. For the next twelve months, Texas is expected to continue to open at least the same number of stores, if not more, subject to availability of suitable sites.

In respect of San Francisco Coffee, prices of raw materials have been stable since the slight recovery of the Ringgit against the US Dollar except for green beans. Sourcing for alternative suppliers has yielded some positive results for imported raw materials like syrups and local cups and lids. Milk price remains stable.

Competition has heated up with the openings of new coffee chains Doutor, Costa and Paul Coffee from Japan, United Kingdom and France, respectively and local homegrown brand, Espresso Lab, has started to compete with San Francisco Coffee by targeting office buildings. Prices of its drinks are on par with major competitors while food prices are lower to drive traffic to the stores.

In conjunction with San Francisco Coffee's 20th anniversary on 8 August 2017, it launched a new logo with a refreshed menu and store concepts to the media agencies, landlords, suppliers and bankers. The new concept will enable the brand to make a presence in malls and lifestyle market, diversifying from the current niche market which focuses mainly on office buildings.

For the financial year ended 2017, San Francisco Coffee has opened eleven stores, the latest at Melawati Mall on 26 July 2017, and bought over a franchise store, bringing the total number of stores to 37. It also planned to open another twelve stores for the next twelve months.

c) Nutrition Division

Dairy ingredients in the form of milk powders and highly specialised whey proteins form a significant component of the division's costs.

International prices for milk powder has remained relatively stable in recent months reflecting a continuation of the widely-held view that the worldwide supply position has reached a level of equilibrium. Prices for specialised whey proteins purchased for the manufacture of Horleys products do not always directly follow the price trends for Whole and Skim milk. After a period of increasing prices for these ingredients they have also now stabilised. The company predominantly draws their specialised protein ingredients exclusively from Fonterra Cooperative, New Zealand's pre-eminent dairy product supplier. All remaining raw materials and packaging requirements are actively tendered via the company's contracted powder products manufacturer on an open book costing basis.

The Division markets their range of sports nutrition and weight management products under the Horleys brand. The Horleys brand had been losing market share in the key New Zealand supermarket channel for a period and is now 23%* market share of New Zealand key accounts. The aggressive promotional programme being activated by key competitor, Vitaco, continues to be the primary reason for the loss of market share.

(* reference obtained from Aztec Data dated 25 June 2017)

In the traditional channel for sales of sports and weight management supplements being gyms, health food and supplement shop channel Horleys have for some period lost market share. This has been primarily due to more competitively priced US brands as well as significant increase in dealing by Australian and New Zealand brands as they fight desperately to retain some market share.

The Horleys marketing team have reviewed each of Horleys product sub ranges and are progressively relaunching these ranges to better address consumer needs and strengthen and simplify the 'call outs' on the product labels. To date they have completed the re-launch of the *'Training Series'* product range which are entry level products sold primarily in supermarkets as well as the *'Sculpt'* women's shaping protein range. While it is early to gauge the response to the new products there does appear to be an improved uptake to date. The current focus is on the re-development of products within the *Elite* range which are targeted at heavier users. The planned re-launch of this range is scheduled for the first quarter of 2018 calendar year. The marketing team are also developing an exciting new E-Commerce strategy which will ensure Horleys enjoy a significant share of these rapidly growing opportunity.

d) Food Processing Division

(i) Bakery

Wheat price, which forms a huge portion of raw material cost, has stabilised in the current quarter even though global demand is increasing. However, the weak Ringgit, coupled with higher fuel price has resulted in indirect increase in wheat and other raw materials prices like sugar, butter and yeast, which indirectly impacting the margins. This was further compounded by the capping of the fuel price by the Malaysian government prevented the price from falling further when sold to the industrial users. Cost saving exercises is being carried out to mitigate the high cost and the efficiency of production is being closely monitored to ensure lower production costs.

Consumers spending remain weak following the implementation of the GST coupled with increase in toll charges and reduction in rebate on electricity charges and lifting of subsidy for cooking oil. Most grocers and retailers have temporary delayed any expansion plan and undertaken reduced promotional activities. In addition, new products that taste better and more crispy have been developed to compete effectivity with its competitors and also help to penetrate into hotels and restaurants.

To control costs, measures have been undertaken to improve process efficiencies and controlling wastages and returns. Price increase for certain of its existing products has been implemented to mitigate the escalating costs of raw materials and labor. As labor shortage is currently been experienced by the industry, the Bakery business will focus on the production of frozen dough that will provide the Division a competitive edge in the market. New products have been developed mainly for the hotels and a new retail concept for Thaw & Serve products, which are packed in trays for convenience stores to improve revenue. The division is making in-roads into the hotel, restaurants and café industry by securing numerous new customers. On the overseas markets, several orders have been received from a couple of countries.

Taking into account the competitiveness and escalating costs of raw materials and labor, the Group has decided to dispose of the companies involved in the production and distribution of the lower end bread and bun segment. The disposal is expected to be completed in the 1st quarter of FY 2018.

(ii) Butchery

The continued increase in prices of imported meat has weighed down on the revenue and profit margins. Selling prices have been very competitive and are also controlled by the Price Control and Anti-Profiteering Act. However, with newer and more efficient machineries and equipment, there were savings in production costs to mitigate the impact on the increased costs. The retail pack of 100 grams of Gourmessa home grown brand has been successful in capturing substantially the market in that segment and will be launching the new packaging soon to sustain the market position. In addition, Gourmessa has appointed a distributor in Singapore to distribute its products to the supermarkets, independent grocery stores, restaurant and hotels commencing the next quarter onward.

Gourmessa will be relocating to its newly constructed factory building in the Selangor Halal Hub, located in Pulau Indah in 1st quarter of FY 2018. With the bigger facility, the limitation of production capacity has been addressed and the Company can now focus on export sales from the 2nd Quarter onward after getting its halal certification from the Department of Islamic Development Malaysian (JAKIM). The initial high operating costs associated with a bigger factory and distribution costs will impact the bottom line in the immediate future.

(iii) Beverages

Due to the continued poor local and export sales, management has decided to scale down the operations from the last quarter of FY2017.

(iv) Contract Packing for Dairy and Juice Based Drinks

Demand for PET Aseptic co-packing continues to grow within Australia and New Zealand. The demand is mostly coming from traditional tetra brik offerings such as Up and Go and Nippys who have recently converted to PET.

There are several new players entering the PET Aseptic market both in New Zealand and Australia including new co-packers. The new players include some of our existing co-pack customers who will take production in-house.

Some of EDNZ flavoured milk customers are exiting the market due to poor margins and high milk costs and transport costs with NZ.

EDNZ still enjoy strong demand for supply of high value added Aseptic PET bottled products especially for Asia region but competition from new manufacturers can be expected to impact sometime in late 2018 as they come online and offer competing services

11 If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended).

No.

(b) (i) Amount per share (RM sen)

Not applicable.

(ii) Previous corresponding period (RM sen)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt.

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the financial year ended 30 September 2017.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Not applicable as no IPT mandate has been obtained.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 14 **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

SEGMENTAL RESULTS

For the year ended 30 September 2017

2017	Trading and Frozen Food RM'000	Food Services RM'000	Nutrition RM'000	Food Processing RM'000	Unallocated RM'000	Total RM'000
Revenue						
Total revenue	180,071	129,112	35,329	82,456	9,171	436,139
Intersegment revenue	(9,164)	(24)	(1,171)	(6,278)	(9,171)	(25,808)
Revenue from external customers	170,907	129,088	34,158	76,178	-	410,331
Results						
Segment results	12,923	(12,265)	(1,319)	(13,084)	(31,988)#	(45,733)
Interest income	189	76	10	79	930	1,284
Finance costs	(1,145)	(1,297)	-	(813)	(1,736)	(4,991)
Profit/(Loss) before tax	11,967	(13,486)	(1,309)	(13,818)	(32,794)	(49,440)
Income tax	(2,476)	-	(417)	(376)	(832)	(4,101)
Profit/(Loss) from operations, net of tax	9,491	(13,486)	(1,726)	(14,194)	(33,626)	(53,541)
Segment assets	127,715	78,994	20,609	158,131	110,561	496,010
Segment liabilities	47,863	35,881	4,116	56,877	45,993	190,730
Other information						
Capital expenditure	25,039	24,799	503	33,787	3,977	88,105
Depreciation and amortisation	1,947	9,556	2,369	7,883	2,051	23,806
Allowance for doubtful receivables	339	-	146	194	-	679
Property, plant and equipment written off	9	675	-	1	-	685
Impairment loss on available-for-sale financial asset	-	-	-	-	32,870	32,870

The following table presents financial information regarding geographical segments:

2017	Malaysia RM'000	China RM'000	Asean RM'000	New Zealand RM'000	Australia RM'000	Others RM'000	Group RM'000
Total revenue from external customers	346,894	4,518	956	45,832	9,318	2,813	410,331
Segment non-current assets	293,107	-	-	24,169	-	-	317,276

Segment results from unallocated segment comprise mainly the impairment loss on available-for-sale financial asset during the financial year ended 30 September 2017.

SEGMENTAL RESULTS
For the year ended 30 September 2016

2016	Trading and Frozen Food RM'000	Food Services RM'000	Nutrition RM'000	Food Processing RM'000	Unallocated RM'000	Total RM'000
Revenue						
Total revenue	176,028	80,647	37,522	85,213	7,547	386,957
Intersegment revenue	(5,451)	-	(1,174)	(10,111)	(7,547)	(24,283)
Revenue from external customers	170,577	80,647	36,348	75,102	-	362,674
Results (Restated)						
Segment results	11,948	(7,334)	374	(8,082)	9,221*	6,127
Interest income	363	51	-	62	1,111	1,587
Finance costs	(1,429)	(911)	-	(497)	(1,365)	(4,202)
Profit/(Loss) (Restated) before tax	10,882	(8,194)	374	(8,517)	8,967	3,512
Income tax	(2,599)	-	14	(747)	1,276	(2,056)
Profit/(Loss) from operations, net of tax (Restated)	8,283	(8,194)	388	(9,264)	10,243	1,456
Segment assets	117,565	57,527	22,161	132,202	158,295	487,750
Segment liabilities	42,478	28,106	4,970	28,478	41,519	145,551
Other information						
Capital expenditure	5,193	15,930	664	62,093	47,433	131,313
Depreciation and amortisation	2,368	6,409	2,313	4,548	1,329	16,967
Allowance for doubtful receivables	382	-	-	67	-	449
Property, plant and equipment written off	41	1,423	-	2	-	1,466
Write back of impairment of property, plant and equipment	-	-	-	(13)	-	(13)

The following table presents financial information regarding geographical segments:

2016	Malaysia RM'000	China RM'000	Asean RM'000	New Zealand RM'000	Australia RM'000	Others RM'000	Group RM'000
Total revenue from external customers	304,495	6,465	937	31,176	18,589	1,012	362,674
Segment non-current assets	224,607	-	-	25,692	-	-	250,299

*Segment results from unallocated segment comprise mainly gain on disposal of assets held for sale during the financial year ended 30 September 2016.

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Review of performance by business segments

The Group's businesses comprise of the trading and frozen food, food services, nutrition and food processing divisions. The Trading and Frozen Food Division contributed 41.7% of the revenue, followed by the Food Services, Food Processing and Nutrition Divisions of 31.5%, 18.6% and 8.2%, respectively. Overall, the Group made a loss before tax of RM49.4 million.

Trading and Frozen Food Division

The Trading and Frozen Food Division registered a marginal growth in revenue of 0.2%, from RM170.6 million to RM170.9 million despite the weak consumers' sentiment and challenging market conditions. The Division posted a profit before tax of RM12.0 million as compared to RM10.9 million. The increase in profit was due mainly to lower advertising and promotion spending as well as lower interest costs as a result of lower usage of trade line facilities during the financial year.

Segmental assets increased by 8.6% from RM117.6 million to RM127.7 million mainly attributed from the increase in property, plant and equipment for the construction of factory building. Segmental liabilities increased from RM42.5 million to RM47.9 million or 12.7% primarily due to higher bank borrowings to finance the construction of factory building.

Food Services Division

The Food Services Division comprises of Texas Chicken quick service restaurants, San Francisco Coffee chain and Delicious restaurant businesses. The Division recorded a robust growth in topline by 60.2% from RM80.6 million to RM129.1 million mainly driven by Texas Chicken which continues to achieve a strong increase in revenue from RM70.2 million to RM99.9 million, representing an increase of RM29.7 million or 42.3% as of the improvement in sales of existing outlets and the opening of eleven new restaurant outlets since FYE 2016, coupled with the improved sales performance attributed to market acceptance of its products quality, value and brand recognition. San Francisco Coffee chain and the newly acquired Delicious restaurants business have also contributed an additional RM12.6 million and RM6.2 million revenue, respectively to the Division. The Division posted a loss before tax of RM13.5 million as compared to RM8.2 million in the previous financial year was principally due to higher selling, marketing and administrative expenses to support the expansion of the division businesses.

The increase in property, plant and equipment following the opening new outlets during the financial year contributed mainly to the increase in the segmental assets from RM57.5 million to RM79.0 million or 37.4%. Segmental liabilities increased by 27.8% from RM28.1 million to RM35.9 million principally due to higher payables and additional hire purchase facilities to finance the set up costs for new restaurant outlets.

Nutrition Division

The sports nutrition and dietary supplements business posted a lower revenue by 5.8% from RM36.3 million to RM34.2 million. For some period now Nutrition Division has lost market share in the traditional channel primarily due to more competitively priced US brands as well as a significant increase in dealings by Australian and New Zealand brands as they compete to retain market share. Additionally, market share is down in the key New Zealand supermarket channel which is due to aggressive competitor promotional programmes. The Malaysian sales channel has significantly dropped due to weak market sentiment. The Division recorded a loss before tax of RM1.3 million as compared to a profit before tax of RM0.4 million in the previous financial year.

Segmental assets had decreased by 7.2% from RM22.2 million to RM20.6 million principally attributable to the decrease in property, plant and equipment and lower inventories level. Segmental liabilities reduced to RM4.1 million from RM5.0 million was largely due to the settlement of bank borrowing during the financial year.

Food Processing Division

The Group's Food Processing Division comprises of the bakery, butchery, beverages and contract packing for dairy and juice based drink businesses. The Division has achieved a slight growth in sales by 1.5% from RM75.1 million to RM76.2 million. This was primarily driven by better performance of Contract Packing for Dairy and Juice based drinks business which has contributed significant sales growth of 35.7%, from RM17.1 million to RM23.2 million on the back of higher sales volume from its existing and new customers. However, the Division was impacted by the beverages business which recorded a decline in revenue of 31.1%, from RM17.7 million to RM12.2 million amid lower export and local sales resulting from the continued slowdown of China market and ongoing price war amongst the local competitors. As a result, the Division incurred a loss before tax of RM13.8 million as compared to RM8.5 million in the previous financial year.

Segmental assets moved up by 19.6% from RM132.2 million to RM158.1 million largely due to increase in property, plant and equipment for the construction of factory building while segmental liabilities increased by 99.6% from RM28.5 million to RM56.9 million mainly due to the corresponding higher borrowings.

- 16 A breakdown of sales and net profit after taxation (before deducting non-controlling interests) are as follows:**

	Group		
	30.09.2017 RM'000	30.09.2016 RM'000	Change %
(a) Sales reported for first half year	201,957	175,910	14.8
(b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(5,356)	3,711	>100
(c) Sales reported for second half year	208,374	186,764	11.6
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(48,185)	(2,255)	>100

- 17 A breakdown of the total annual dividend in (dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

- 18 **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Dato' Kamal Y P Tan	65	Brother of Dato' Jaya J B Tan, Chairman and substantial shareholder of the Company.	Group Chief Executive Officer ("Group CEO") with effect from 20 January 2009	Not applicable.
Tan San May	36	Daughter of Dato' Kamal Y P Tan, Group CEO and substantial shareholder of the Company. Niece of Dato' Jaya J B Tan, Director and substantial shareholder of the Company.	Head of Bakery and Head of Café with effect from 6 April 2016	Not applicable
Tan San Jean	29	Daughter of Dato' Jaya J B Tan, Chairman and substantial shareholder of the Company. Niece of Dato' Kamal Y P Tan, Group CEO and substantial shareholder of the Company.	Head of Operations (Business Development) of Texas Chicken (Malaysia) Sdn Bhd with effect from 1 January 2016	Not applicable
Tan San Yen	32	Daughter of Dato' Jaya J B Tan, Chairman and substantial shareholder of the Company. Niece of Dato' Kamal Y P Tan, Group CEO and substantial shareholder of the Company.	Head of Operations – Regional of Texas Chicken (Malaysia) Sdn Bhd with effect from 1 December 2016.	Not applicable

- 19 **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Dato' Kamal Y P Tan
Group CEO

28 November 2017