ENVICTUS INTERNATIONAL HOLDINGS LIMITED

(Company Registration No. 200313131Z)

Condensed Interim Financial Statements
For the Six Months Ended 31 March 2022

Table of Contents

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group 6 months ended 31.03.2022 RM'000	6 months ended 31.03.2021 RM'000	Change %
Revenue	4	238,665	195,566	22.0
Cost of sales		(148,761)	(117,249)	26.9
Gross profit		89,904	78,317	14.8
Other income		11,428	2,710	>100
Operating expenses				
Administrative expenses		(18,491)	(17,610)	5.0
Selling and marketing expenses		(66,783)	(63,541)	5.1
Warehouse and distribution expenses		(9,843)	(10,288)	(4.3)
Research and development expenses		(712)	(589)	20.9
Other operating expenses		(1,795)	(3,091)	(41.9)
		(97,624)	(95,119)	2.6
Profit/(Loss) before interest and income tax		3,708	(14,092)	>100
Finance costs		(11,263)	(9,917)	13.6
Loss before taxation	5	(7,555)	(24,009)	68.5
Taxation	7	(1,591)	(550)	>100
Loss for the financial period		**(9,146)**	**(24,559)**	**62.8**
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss (net of tax)				
Exchange differences on translation of foreign operations (net)		**903**	**1,868**	(51.7)
Items that will not be reclassified subsequently to profit or loss (net of tax)				
Net fair value changes on financial assets at FVOCI		**(15)**	**10**	>100
Total other comprehensive income for the period		**888**	**1,878**	(52.7)
Total comprehensive income for the period		**(8,258)**	**(22,681)**	**63.6**
Loss attributable to:				
Owners of the Company		**(9,146)**	**(24,559)**	**62.8**
Total comprehensive income attributable to:				
Owners of the Company		**(8,258)**	**(22,681)**	**63.6**
Loss per share for the period attributable to the owners of the Company (RM sen):				
Basic and diluted	8	**(3.70)**	**(9.94)**	**62.8**

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group As at 31.3.2022 RM'000	Group As at 30.9.2021 RM'000	Company As at 31.3.2022 RM'000	Company As at 30.9.2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment*	11	398,452	420,416	-	-
Investment property	12	20,217	20,441	-	-
Investments in subsidiaries		-	-	219,781	217,785
Financial assets at fair value through other comprehensive income ("FVOCI")	13	9,011	8,946	8,710	8,631
Deferred tax assets		308	308	-	-
Intangible assets	14	23,966	23,845	-	-
Total non-current assets		**451,954**	**473,956**	**228,491**	**226,416**
Current assets					
Inventories		34,518	40,474	-	-
Trade and other receivables		47,263	41,734	147,162	147,831
Cash and bank balances		10,885	17,265	488	341
		92,666	**99,473**	**147,650**	**148,172**
Assets classified as held for sale	15	20,222	83,942	**-**	**-**
Total current assets		**112,888**	**183,415**	**147,650**	**148,172**
Total assets		**564,842**	**657,371**	**376,141**	**374,588**
LIABILITIES					
Current liabilities					
Trade and other payables		74,020	88,481	20,431	19,710
Amount due to directors		14,447	9,718	14,447	9,718
Bank borrowings	16	63,302	131,846	-	-
Lease liabilities		23,523	25,096	-	-
Current income tax payable		206	52	-	-
Total current liabilities		**175,498**	**255,193**	**34,878**	**29,428**
Non-current liabilities					
Bank borrowings	16	122,340	126,556	-	-
Lease liabilities		105,631	106,252	-	-
Provision for restoration costs		4,195	3,900	-	-
Financial guarantee contracts		-	-	357	1,425
Deferred tax liabilities		3,881	3,915	-	-
Total non-current liabilities		**236,047**	**240,623**	**357**	**1,425**
Total liabilities		**411,545**	**495,816**	**35,235**	**30,853**
NET ASSETS		**153,297**	**161,555**	**340,906**	**343,735**
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	17	177,865	177,865	177,865	177,865
Treasury shares	17	(183)	(183)	(183)	(183)
Accumulated (losses)/profits		(28,385)	(19,239)	137,361	143,314
Foreign currency translation reserve		30,446	29,324	49,965	46,623
Fair value reserve		(24,052)	(23,818)	(24,102)	(23,884)
Other reserve		(2,394)	(2,394)	-	-
Total equity		**153,297**	**161,555**	**340,906**	**343,735**

** Includes right-of-use assets*

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Other reserves RM'000	Accumulated profits/ (losses) RM'000	Total equity RM'000
At 1 October 2021	177,865	(183)	29,324	(23,818)	(2,394)	(19,239)	161,555
Loss for the financial period	-	-	-	-	-	(9,146)	(9,146)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	1,122	(219)	-	-	903
Net fair value loss on financial assets at FVOCI	-	-	-	(15)	-	-	(15)
Total other comprehensive income	-	-	1,122	(234)	-	-	888
Total comprehensive income	-	-	1,122	(234)	-	(9,146)	(8,258)
At 31 March 2022	177,865	(183)	30,446	(24,052)	(2,394)	(28,385)	153,297
At 1 October 2020	177,865	(183)	27,763	(23,281)	(2,394)	29,162	208,932
Loss for the financial period	-	-	-	-	-	(24,559)	(24,559)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	2,182	(314)	-	-	1,868
Net fair value gain on financial assets at FVOCI	-	-	-	10	-	-	10
Total other comprehensive income	-	-	2,182	(304)	-	-	1,878
Total comprehensive income	-	-	2,182	(304)	-	(24,559)	(22,681)
At 31 March 2021	177,865	(183)	29,945	(23,585)	(2,394)	4,603	186,251

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Accumulated profits RM'000	Total equity RM'000
At 1 October 2021	177,865	(183)	46,623	(23,884)	143,314	343,735
Loss for the financial period	-	-	-	-	(5,953)	(5,953)
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	3,342	(218)	-	3,124
Total other comprehensive income	-	-	3,342	(218)	-	3,124
Total comprehensive income	-	-	3,342	(218)	(5,953)	(2,829)
At 31 March 2022	177,865	(183)	49,965	(24,102)	137,361	340,906
At 1 October 2020	177,865	(183)	41,615	(23,344)	142,165	338,118
Loss for the financial period	-	-	-	-	(3,589)	(3,589)
Other comprehensive Income:						
Exchange differences on translating foreign operations	-	-	4,819	(313)	-	4,506
Total other comprehensive income	-	-	4,819	(313)	-	4,506
Total comprehensive income	-	-	4,819	(313)	(3,589)	917
At 31 March 2021	177,865	(183)	46,434	(23,657)	138,576	339,035

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	6 months ended 31.3.2022 RM'000	**6 months ended 31.3.2021 RM'000**
Operating activities		
Loss before taxation	(7,555)	(24,009)
Adjustments for:		
Loss allowance on receivables, net	537	219
Amortisation of intangible assets	243	232
Depreciation of property, plant and equipment	22,052	26,001
Depreciation of investment property	224	226
Finance costs	11,263	9,917
Foreign currency exchange loss, net	861	1,727
(Gain)/Loss on disposal of property, plant and equipment, net	(87)	133
Gain on disposal of assets classified as held for sale	(3,714)	-
Interest income	(58)	(38)
Property, plant and equipment written off	682	1,153
Rent concession	(2,094)	(2,255)
Reversal of impairment on property, plant and equipment	(80)	-
Operating profit before working capital changes	**22,274**	**13,306**
Working capital changes:		
Inventories	5,956	9,837
Trade and other receivables	(6,876)	(2,093)
Trade and other payables	(17,497)	7,463
Cash generated from operations	3,857	28,513
Interest paid	(626)	(451)
Income tax paid, net	(598)	(807)
Net cash generated from operating activities	**2,633**	**27,255**
Investing activities		
Interest received	58	38
Deposit from disposal of assets classified as held for sale	3,533	-
Proceeds from disposal of assets classified as held for sale	87,160	-
Proceeds from disposal of property, plant and equipment	182	53
Purchase of intangible assets	(360)	(149)
Purchase of property, plant and equipment	(11,242)	(13,786)
Net cash generated/(used) in investing activities	**79,331**	**(13,844)**
Financing activities		
Interest paid	(10,701)	(9,793)
Advances from directors	4,729	1,518
Repayment of lease obligations	(9,607)	(10,403)
Drawdown of bank borrowings	67,775	30,400
Repayment of bank borrowings	(143,589)	(33,441)
Net cash used in financing activities	**(91,393)**	**(21,719)**
Net change in cash and cash equivalents	**(9,429)**	**(8,308)**
Cash and cash equivalents at the beginning of the financial period	16,373	24,064
Effect of exchange rate changes	(4)	18
Cash and cash equivalents at the end of the financial period	**6,940**	**15,774**
Cash and cash equivalents comprise the following:		
Cash and bank balances	10,885	16,389
Less: Pledged fixed deposits	(615)	(615)
Less: Bank overdrafts	(3,330)	-
	6,940	**15,774**

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Envictus International Holdings Limited (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 31 March 2022 comprise the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are investment holding company and providing management services to its subsidiaries.

The principal activities of the Group are:
a) Operating of fast food restaurant and specialty coffee chains;
b) Wholesalers of foodstuff and frozen food;
c) Manufacturing of bakery and butchery products; and
d) Manufacturing and distribution of condensed and evaporated milk.

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 March 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 September 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Ringgit Malaysia ("RM") which is the functional currency and the presentation currency of the significant components in Malaysia and all values presented are rounded to the nearest thousand ("RM'000") as indicated.

The preparation of condensed financial statements in compliance with SFRS(I) 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.

<u>Going concern assumption</u>

The Group recorded a net loss of RM9,146,000 for the six months ended 31 March 2022. The Group's net current liabilities and capital commitment contracted but not provided for as at 31 March 2022 were RM62,610,000 and RM3,143,000, respectively.

The Directors of the Company are of the opinion that no material uncertainty exists and the going concern basis is appropriate in the preparation of the financial statements based on the following:

a) The Directors of the Company have carried out a detailed review of the Group cash flow forecast and are satisfied that the Group has adequate unutilised credit facilities and securing new credit facilities to fund its working capital, capital commitments and financial obligations; and

b) More detailed actions which are taken by the management to monitor the liquidity position are disclosed in the Note F.2 (page 18) under the "Review on Statements of Financial Position".

2. Basis of preparation (Cont'd)

2.1 New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The accounting policies adopted and methods of computation applied are consistent with those previously applied under SFRS(I)s except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 October 2021.

The application of these amendments to standards and interpretations does not have a material effect on the financial statements. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.2 Use of judgement and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Group's accounting policies, management is of the opinion that any instances of application of judgements are not expected to have significant effect on the amounts recognised in the financial statements.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group businesses are organised into the following main segments:

a) Food Services Division – Texas Chicken restaurants and San Francisco Coffee chains;
b) Trading and Frozen Food Division;
c) Food Processing Division – bakery and butchery; and
d) Dairies Division – manufacturing and distribution of condensed and evaporated milk.

4.1 Reportable segments

Six months ended 31 March 2022

Group	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Dairies RM'000	Unallocated RM'000	Total RM'000
Revenue						
Total revenue	127,143	78,154	13,821	48,260	3,234	270,612
Intersegment revenue	(21)	(8,432)	(367)	(19,893)	(3,234)	(31,947)
Revenue from external customers	127,122	69,722	13,454	28,367	-	238,665
Segment results	6,708	6,443	(1,275)	(5,778)	(2,448)	3,650
Interest income	27	30	1	-	-	58
Finance costs	(6,044)	(420)	(2,893)	(1,489)	(417)	(11,263)
Profit/(Loss) before tax	691	6,053	(4,167)	(7,267)	(2,865)	(7,555)
Income tax	(3)	(1,579)	-	-	(9)	(1,591)
Profit/(Loss) from operations	688	4,474	(4,167)	(7,267)	(2,874)	(9,146)
Segment assets	225,155	99,609	44,380	94,627	101,071	564,842
Segment liabilities	211,151	32,899	41,914	82,230	43,351	411,545
Other information						
Additions to property, plant and equipment	20,389	420	39	409	82	21,339
Additions to intangible assets	245	100	15	-	-	360
Depreciation and amortisation	15,960	2,013	2,023	1,376	1,147	22,519
Loss allowance on receivables, net	-	723	(313)	138	(11)	537
Property, plant and equipment written off	681	1	-	-	-	682
Gain on disposal of assets held for sale	-	-	-	-	(3,714)	(3,714)
Gain on sale of customer portfolio	-	-	(893)	-	-	(893)
Gain on disposal of property, plant and equipment	-	-	(87)	-	-	(87)

4.1 Reportable segments (Cont'd)

Six months ended 31 March 2021

Group	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Dairies RM'000	Unallocated RM'000	Total RM'000
Revenue						
Total revenue	107,148	64,211	8,985	23,736	1,758	205,838
Intersegment revenue	(24)	(7,801)	(624)	(132)	(1,691)	(10,272)
Revenue from external customers	107,124	56,410	8,361	23,604	67	195,566
Segment results	(764)	3,136	(7,497)	(2,650)	(6,355)	(14,130)
Interest income	8	28	2	-	-	38
Finance costs	(5,660)	(483)	(1,758)	(1,597)	(419)	(9,917)
Profit/(Loss) before tax	(6,416)	2,681	(9,253)	(4,247)	(6,774)	(24,009)
Income tax	(11)	(499)	(26)	-	(14)	(550)
Profit/(Loss) from operations	(6,427)	2,182	(9,279)	(4,247)	(6,788)	(24,559)
Segment assets	243,006	98,848	129,671	93,707	110,587	675,819
Segment liabilities	220,009	32,434	136,552	70,273	30,300	489,568
Other information						
Additions to property, plant and equipment	19,372	658	203	3,070	3	23,306
Additions to intangible assets	144	-	-	5	-	149
Depreciation and amortisation	17,225	2,177	5,121	570	1,366	26,459
Loss allowance on receivables, net	-	121	(12)	118	(8)	219
Property, plant and equipment written off	1,153	-	-	-	-	1,153
Loss on disposal of property, plant and equipment	-	-	133	-	-	133

4.2 Geographical segments

Six months ended 31 March 2022

Group	Malaysia RM'000	China RM'000	Asean RM'000	Africa RM'000	Total RM'000
Total revenue from external customers	234,845	734	679	2,407	238,665
Segment non-current assets	442,635	-	-	-	442,635

Six months ended 31 March 2021

Group	Malaysia RM'000	China RM'000	Asean RM'000	Africa RM'000	Total RM'000
Total revenue from external customers	189,398	1,049	1,935	3,184	195,566
Segment non-current assets	570,774	-	-	-	570,774

5. Loss before taxation

Significant items:

	Group	
	6 months ended 31.3.2022 RM'000	**6 months ended 31.3.2021 RM'000**
Loss allowance on receivables, net	537	219
Amortisation of intangible assets	243	232
Depreciation of property, plant and equipment	22,052	26,001
Depreciation of investment property	224	226
Lease expenses on:		
- Short-term leases/low value assets	4,341	3,536
- Rent concession	(2,094)	(2,255)
Payroll subsidies	(3,162)	(1,069)
Finance costs	11,263	9,917
Foreign currency exchange loss, net	1,096	1,771
Gain on disposal of assets classified as held for sale	(3,714)	-
Gain on sale of customer portfolio	(893)	-
(Gain)/Loss on disposal of property, plant and equipment	(87)	133
Property, plant and equipment written off	682	1,153

6. Significant related party transactions

In addition to the information disclosed elsewhere in the financial statements, the Group entered into the following transactions with related parties at rates and terms agreed between the parties.

	Group	
	6 months ended 31.3.2022 RM'000	**6 months ended 31.3.2021 RM'000**
Insurance premium paid to a related party	1,105	1,165
Purchase of goods from a related party	244	368
Purchase of motor vehicles from related parties	-	181
Rental income	89	89
Consultancy fees paid to a Director	108	102
Advisory fees paid to a Director	241	196

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 31.3.2022 RM'000	**6 months ended 31.3.2021 RM'000**
Current income tax expense		
- Current year	1,571	499
- (Over)/Under provision in prior year	(1)	31
- Withholding tax	21	20
	1,591	550

8. Loss per share

Basic loss per share is calculated by dividing the Group's loss after income tax attributable to the equity holders of the Company by the number of ordinary shares in issue during the financial period.

	Group	
	6 months ended 31.3.2022	6 months ended 31.3.2021
Net loss attributable to owners of the Company for the financial period (RM '000)	(9,146)	(24,559)
Number of ordinary shares	247,114,403	247,114,403
Basic/diluted loss per share (RM sen)	(3.70)	(9.94)

Diluted loss per share is the same as the basic loss per share as at the end of the current and previous financial period because the potential ordinary shares which are the warrants are anti-dilutive.

9. Net asset value per share

	Group		Company	
	As at 31.3.2022 RM	As at 30.9.2021 RM	As at 31.3.2022 RM	As at 30.9.2021 RM
Net asset value per ordinary share based on issued share capital at the end of the financial period/year	0.62	0.65	1.38	1.39

10. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2022 and 30 September 2021:

		Group		Company	
	Note	As at 31.3.2022 RM'000	As at 30.9.2021 RM'000	As at 31.3.2022 RM'000	As at 30.9.2021 RM'000
Financial assets					
Trade and other receivables*		38,102	36,313	147,048	147,750
Cash and bank balances		10,885	17,265	488	341
Financial assets at amortised costs		48,987	53,578	147,536	148,091
Financial assets at fair value through other comprehensive income (FVOCI)	13	9,011	8,946	8,710	8,631
Total financial assets		57,998	62,524	156,246	156,722
Financial liabilities					
Trade and other payables**		71,458	87,776	20,431	19,710
Amount due to directors		14,447	9,718	14,447	9,718
Bank borrowings	16	185,642	258,402	-	-
Lease liabilities		129,154	131,348	-	-
Financial guarantee contracts		-	-	357	1,425
Financial liabilities at amortised costs, representing total financial liabilities		400,701	487,244	35,235	30,853

* Excludes SST receivables, prepayments, advances to suppliers and tax recoverable.
Other receivables for the Company include amount due from subsidiaries.

** Excludes SST payables and contract liabilities.
Other payables for the Company include amount due to subsidiaries.

11. Property, plant and equipment

During the six months ended 31 March 2022, the Group acquired and disposed of assets amounting to RM21,339,000 (31 March 2021: RM23,306,000) and RM95,000 (31 March 2021: RM186,000) respectively.

12. Investment property

	Group	
	31.3.2022 RM'000	**30.9.2021 RM'000**
Cost		
At the beginning of the financial period/year	23,103	24,771
Reclassification to property, plant and equipment	-	(1,668)
At the end of the financial period/year	23,103	23,103
Accumulated depreciation		
At the beginning of the financial period/year	2,662	2,371
Depreciation for the financial period/year	224	451
Reclassification to property, plant and equipment	-	(160)
At the end of the financial period/year	2,886	2,662
Net carrying amount	20,217	20,441

12.1 Valuation

As at 31 March 2022, the fair value of the Group's investment property amounted to RM42,000,000 (30 September 2021: RM42,000,000). The leasehold land and building ("office building") is partially owner-occupied where the net carrying amount of RM17,404,000 (30 September 2021: RM17,598,000) is included in property, plant and equipment.

The management had assessed the valuation of the Group's office building with the assistance of an independent professional valuation firm on 21 September 2020 that has the relevant experience in the location and category of the property. The valuation was based on the assets highest and best use arrived at using the direct sales comparison approach by analysing sales and listing of similar properties in the locality by making reference to market evidence of prices per square feet and adjusted for differences in key attributes such as property size, location and other relevant factors. Subsequently, no valuation was conducted on the investment property as there is less property transactions and data availability in the market during the Covid-19 pandemic period.

The resulting fair value of investment property is considered Level 3 fair value measurement.

13. Financial assets at fair value through other comprehensive income ("FVOCI")

Financial assets at fair value through FVOCI comprise the following:

	Group		Company	
	As at 31.3.2022 RM'000	**As at 30.9.2021 RM'000**	**As at 31.3.2022 RM'000**	**As at 30.9.2021 RM'000**
Quoted equity securities:				
- SGX-ST	8,710	8,631	8,710	8,631
- Bursa Malaysia Securities Berhad	301	315	-	-
Total	9,011	8,946	8,710	8,631

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significant of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Quoted prices (unadjusted) in active markets for identified assets or liabilities **(Level 1)**;
b) Inputs other than quoted shares included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) **(Level 2)**; and
c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) **(Level 3)**.

13. Financial assets at fair value through other comprehensive income ("FVOCI") (Cont'd)

The following table presented the assets measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31.3.2022				
Group				
Financial assets				
FVOCI investments	301	-	8,710	9,011
Company				
Financial assets				
FVOCI investments	-	-	8,710	8,710
30.9.2021				
Group				
Financial assets				
FVOCI investments	315	-	8,631	8,946
Company				
Financial assets				
FVOCI investments	-	-	8,631	8,631

14. Intangible assets

Group	Goodwill RM'000	Trademarks RM'000	Computer Software RM'000	Franchise fee RM'000	Total RM'000
At 30 September 2021					
Cost	19,059	10,421	1,798	5,802	37,080
Accumulated amortisation	-	-	(1,652)	(2,496)	(4,148)
Impairment	(2,020)	(7,067)	-	-	(9,087)
Net book amount	17,039	3,354	146	3,306	23,845
6 months ended 31 March 2022					
Opening net book amount	17,039	3,354	146	3,306	23,845
Additions	-	-	169	191	360
Amortisation charge	-	-	(49)	(194)	(243)
Currency realignment	-	4	-	-	4
Closing net book amount	17,039	3,358	266	3,303	23,966
At 31 March 2022					
Cost	19,059	10,425	1,967	5,993	37,444
Accumulated amortisation	-	-	(1,701)	(2,690)	(4,391)
Impairment	(2,020)	(7,067)	-	-	(9,087)
Net book amount	17,039	3,358	266	3,303	23,966

During the financial period, the Group paid RM191,000 (30 September 2021: RM250,000) franchise fees for new stores in accordance with the International Multiple Unit Franchise and Development Agreement to develop and operate "Texas Chicken" restaurants for a period of 10 to 20 years in Malaysia.

Trademarks referred to the registered brands for Dairies and San Francisco Coffee (acquired through business combinations).

The useful lives of the trademarks are estimated to be indefinite because based on the current market share of the trademarks, management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash flow for the Group. As such there is no amortisation of the costs of trademarks.

14. Intangible assets (Cont'd)

Impairment testing of goodwill, trademarks and other intangible assets

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGUs") that are expected to benefit from that business combination.

The Group tests significant CGUs for impairment annually, or more frequently when there is an indication that the unit may be impaired.

During the financial period, management determines that there is no impairment of any of its group of CGUs containing goodwill or intangible assets with indefinite and finite useful lives. The recoverable amount of the CGUs are determined from value-in-use calculations based on forecasts derived from the most recent cash flow projections approved by management covering a 5-year period or more. Value-in-use as at 31 March 2022 was determined similarly to the 30 September 2021 with the following key assumptions:

	Food Services %	Trading and Frozen Food %
Gross margin[(1)]	57.65 – 70.65	21.60
Revenue growth rate[(2)]	10.00 – 10.48	14.78
Discount rate[(3)]	10.18 – 13.24	12.36

(1) Average budgeted gross margin.
(2) Average revenue growth rate for:
- Food services: 7-year period for coffee chain and 10-year period for fast food restaurants; and
- Trading and frozen food and Dairies: 5-year period.

(3) Pre-tax discount rate applied to the cash flow projections.

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for all the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are benchmarked against average margins achieved in the five years preceding the start of the budget period. These are adjusted for anticipated efficiency improvements and expectations of future changes in market condition.

Revenue growth rates – The forecasted revenue growth rates are based on management estimates with reference to the historical trend as well as the forecasted economic condition over the budgeted period of 5 - 10 years.

Pre-tax discount rates – Discount rates are based on the Group's beta adjusted to reflect management's assessment of specific risks related to each of the cash generating units.

15. Assets classified as held for sale

Current financial period

On 26 January 2022, the Group entered into 3 separate conditional sale and purchase agreements with Syarikat Logistik Petikemas Sdn Bhd for the sale of 3 pieces of Land with Lot numbers 129330, 129329 and 129336 located at Pulau Indah, Selangor for an aggregate consideration of RM35.3 million. The Group had on 26 January 2022 received a 10% deposit of RM1.8 million, net of real estate commission and real property gain tax (RPGT) retention sum.

The Company had on 27 January 2022 submitted the Waiver Application, seeking a waiver from the requirement under Rule 1014(2) of the Listing Manual of having to obtain shareholders' approval for the Proposed Disposal.

Accordingly, the land in relation to Proposed Disposals (under property, plant and equipment category) was reclassified as assets held for sale in the consolidated statement of financial position during the financial period.

15. Assets classified as held for sale (Cont'd)

Previous financial year

On 31 March 2021, the Group entered into the conditional option sale and purchase agreement ("SPA") with Aryzta Food Solutions Malaysia Sdn Bhd ("Aryzta") for the sale of the bakery plant located at Pulau Indah, Selangor for a total consideration of RM88.0 million. The proposed Disposals had been completed on 11 February 2022 with a gain on disposal of RM3.7 million together with a sale of customer portfolio of RM0.9 million.

However, the Company's Waiver Application was rejected by SGX-ST on 4 February 2022. The SGX-ST stated that it had no objection for shareholders' approval for the Disposals to by sought by way of a ratification resolution at an EGM to be convened after the completion of the Disposal, but no later than 3 months after the completion of Disposals. The Company had on 5 April 2022 submitted an application to the SGX-ST, seeking the waiver of the valuation requirements under the Rule 1014(5) of the Listing Manual in respect of the Disposals and a 3-month extension of time to complete the ratification of the Disposals.

Accordingly, the land in relation to Proposed Disposals (under property, plant and equipment category) was reclassified as assets held for sale in the consolidated statement of financial position in the previous financial year.

16. Bank borrowings

	Group	
	As at 31.3.2022 RM'000	**As at 30.9.2021 RM'000**
Secured:		
Amount repayable within one year or on demand		
Bank borrowings*	63,302	131,846
Lease liabilities (finance lease)	6,132	7,606
	69,434	139,452
Amount repayable after one year		
Bank borrowings	122,340	126,556
Lease liabilities (finance lease)	17,213	19,474
	139,553	146,030
Total	**208,987**	**285,482**

* Total proceeds from disposal of bakery plant of RM88.0 million were partly utilised for settlement of bank borrowings and finance lease liabilities of RM81.2 million during the financial period.

The Group's bank borrowings as at 31 March 2022 are secured against the following:

- ⇨ Pledge of certain leasehold land, freehold land and buildings;
- ⇨ Pledge of shares of a subsidiary;
- ⇨ Debenture comprising fixed and floating charge over all future and present assets of certain subsidiaries; and
- ⇨ Company's corporate guarantee, including for finance lease payables.

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

17. Share capital and treasury shares

	31.3.2022			30.9.2021		
Group and Company	**Number of shares**	**Amount S$'000**	**Amount RM'000**	**Number of shares**	**Amount S$000**	**Amount RM'000**
Share capital						
Issued and fully paid:						
At beginning/end of the period/year	247,356,403	68,511	177,865	247,356,403	68,511	177,865
Treasury shares						
At beginning/end of the period/year	242,000	76	183	242,000	76	183

The Company has 105,195,904 outstanding warrants as at 31 March 2022, convertible into 105,195,904 ordinary shares of the Company.

As at 31 March 2022, the total number of issued shares excluding treasury shares of the Company was 247,114,403 shares (30 September 2021: 247,114,403 shares).

18. Subsequent events

The Group has no significant event subsequent to 31 March 2022 except for the proposed disposal of land as disclosed in Note 15.

19. Comparative figures

Certain reclassifications have been made to the previous financial period's financial statements to enhance comparability with the current financial period's financial statements.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of Envictus International Holdings Limited and its subsidiaries as at 31 March 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

The Group's core business segments are as follows:

a) Food Services Division – Texas Chicken restaurants and San Francisco Coffee chains;
b) Trading and Frozen Food Division;
c) Food Processing Division comprising of:
   - bakery;
   - butchery; and
d) Dairies Division – manufacturing and distribution of condensed and evaporated milk.

<u>Review on Consolidated Statement of Comprehensive Income</u>

<u>Six-month period ended 31 March 2022</u>

The Group's revenue improved by 22.0% to RM238.7 million from RM195.6 million in the first half of FY2021, driven by the improved performance from all the Divisions. This was primarily due to reopening of economy and easing of restrictions on interstate travel since October 2021. The previous year results were negatively impacted by the expanded movement control order ("MCO") restrictions due to growing number of Covid-19 cases.

The Food Services Division's revenue edged up 18.7% to RM127.1 million from RM107.1 million, largely contributed from Texas Chicken restaurants in Malaysia. Texas Chicken's revenue surged by RM17.7 million or 19.2% from RM92.2 million to RM109.9 million, driven by seven new store openings and a 10.5% increase in comparable store sales resulting from the easing of operational restrictions and higher footfall in the outlets. Similarly, San Francisco Coffee chains' revenue up RM2.3 million or 15.4% from RM14.9 million to RM17.2 million, bolstered by existing stores sales growth.

Number of stores of each business are as follows:

	As at 31.3.2022	As at 31.3.2021
Texas Chicken Malaysia	85	78
San Francisco Coffee	46	47

The Trading and Frozen Food Division revenue climbed 23.6% to RM69.7 million from RM56.4 million in the preceding corresponding period, buoyed by the reopening of economic sectors. Revenue improved from retailers, hotels and restaurants following the lifting of the interstate travel ban and dine-in restrictions which led to higher domestic consumption relating to tourism sector.

The Food Processing Division saw an improvement in revenue of RM5.1 million or 60.7% from RM8.4 million to RM13.5 million, mainly contributed from the bakery sales to OEM partner and last year results were impacted by business disruptions due to the MCO. The frozen bakery business has ceased operation following the disposal of its plant on 11 February 2022.

Revenue of the Dairies Division grew RM4.8 million or 20.3% from RM23.6 million to RM28.4 million, backed by higher sales volume from local market.

Gross profit margin has been reduced to 37.7% from 40.0% as the entire Group Divisions faced a margin compression due to the surge in food costs, particularly poultry products, raw material, commodity and palm oil prices amid the prolonged supply chain disruptions and worsened by the Russia-Ukraine war.

Other operating income increased to RM11.4 million from RM2.7 million, mainly arising from gain on disposal of land and customer portfolio of RM4.6 million and higher payroll subsidies from the government of RM2.1 million.

Overall, operating expenses increased by RM2.5 million or 2.6% from RM95.1 million to RM97.6 million. Higher staff costs of RM0.5 million resulted the increase in administrative expenses of RM0.9 million. Selling and marketing expenses increased RM3.2 million due mainly to higher staff costs, royalty fee, marketing, rental and delivery commission amounting to RM6.5 million associated with the growth in Texas Chicken outlets. These increases were partially offset by operating costs savings of RM2.4 million from San Francisco Coffee chains due to closure of outlets and better costs control, coupled with lower bakery business operating costs of RM1.0 million due to the lower staff costs and marketing expenses. Other operating costs of RM1.8 million comprise of foreign currency fluctuation losses of RM1.1 million and property, plant and equipment written-off of RM0.7 mil for closure of outlets.

Finance costs increased by RM1.3 million or 13.6% from RM9.9 million to RM11.3 million, mainly due to higher term loans interest and lease interest.

Income tax expense increased by RM1.0 million due to higher profit generated by a subsidiary.

As a result of the overall improved performance of the business segments, the Group's loss after tax was narrowed to RM9.1 million compared with RM24.6 million in the previous corresponding period.

Review on Statements of Financial Position

Non-current assets have a reduction of RM22.0 million largely due to reclassification of the proposed sale of 3 pieces of Land as assets held for sale of RM20.2 million, depreciation and amortisation of RM 22.5 million, plant and equipment written off as a result of closure of non-performing stores of RM0.7 million. These were partly offset by the addition of new outlets of RM20.4 mil.

Current assets (excluding the assets held for sale) decreased by RM6.8 million mainly due to reduction in inventories of RM6.0 million amid delay in shipment and custom clearance and reduction in cash and bank balances of RM6.4 million. These were partially offset by increase in trade and other receivables of RM5.5 million largely due to advance payments of RM3.5 million to suppliers, retention sum for real property gain tax on sale of land amounting to RM1.3 million and prepayment for real estate agent commission of RM0.7 million.

Proceeds from the disposal of bakery plant were utilised for the settlement of bank borrowings, trade and other payables and lease liabilities, which resulted in a decrease of RM68.5 million, RM14.5 million and RM1.6 million respectively in the current liabilities. These reductions were partially offset by advances from a director of RM4.7 million and an increase in income tax payable of RM0.2 million. As a result, the current liabilities have a net reduction of RM79.7 million.

Non-current liabilities decreased by RM4.6 million was primarily attributable to lower bank borrowings of RM4.2 million following the repayment of term loans.

The Group has a negative working capital of RM62.6 million as at 31 March 2022. The Group will monitor its liquidity position to ensure it is able to meet the short-term debts obligations by taking the following actions to reduce both operational and financial risks:

(a) The Group will continue to carry out cost-saving initiatives to manage costs to preserve cash. For example, the Group has obtained rental rebates from the landlords and payroll subsidies from the government of RM2.1 million and RM3.2 million respectively during the financial period;

(b) The Group manages inventories, trade receivables and trade payables to optimise cash flow and liquidity;

(c) The Group is actively engaging with its bankers, trade and other creditors to extend or restructure the existing credit terms;

(d) Proposed monetisation of non-core and non-profitable assets of the Group. On 26 January 2022, the Group entered into 3 separate conditional sale and purchase agreements ("SPAs") with Syarikat Logistik Petikemas Sdn Bhd for the sale of 3 pieces of Lands with Lot numbers 129330, 129329 and 129336 located at Pulau Indah, Selangor for an aggregate consideration of RM35.3 million. The Group intends to use the net proceeds from the proposed disposals for repayment of term loans and working capital requirements.

    The Group will continue monetise certain of its other non-core assets when the opportunity arises.

(e) As and when required, the Executive Chairman and the Group Adviser have been funding any urgent shortfall in the working capital of the Group. As at 31 March 2022, RM14.4 million have been advanced to the Group.

Review on Consolidated Statement of Cash Flows

The Group's cash and cash equivalents stood at RM6.9 million for the current financial period ended 31 March 2022, a decrease of RM8.9 million from RM15.8 million recorded in the previous corresponding period.

The Group generated a net cash from operating activities of RM2.6 million principally from the operating profit of RM22.3 million and lower inventories of RM6.0 million. These were offset by increased in trade and other receivables of RM6.9 million and decrease in trade and other payables of RM17.5 million as well as the interest and income tax paid of RM1.2 million.

Net cash generated from investing activities of RM79.3 million was largely from the proceeds received for the disposal of bakery plant and deposit received for the proposed disposal of 3 pieces of land amounting to total of RM90.7 million. These was partially offset by capital expenditure incurred of RM11.6 million for the opening of Texas Chicken stores.

Proceeds from the disposal of bakery plant together with the advances from a director of RM4.7 million were utilised for the settlement of certain bank borrowings, lease obligations and interest payments resulting in the net outflow used in financing activities of RM91.4 million.

3. Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is no changes in the Company's share capital and treasury shares as disclosed in Note E.17.

The Company has 105,195,904 outstanding warrants as at 31 March 2022, convertible into 105,195,904 ordinary shares of the Company.

The number of treasury shares held by the Company as at 31 March 2022 constituted 0.1% (30 September 2021: 0.1%) of the total number of ordinary share outstanding.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2022.

3.1 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 31 March 2022, the total number of issued shares excluding treasury shares of the Company was 247,114,403 shares (30 September 2021: 247,114,403 shares).

3.2. 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 31 March 2022.

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

Not applicable as the figures have not been audited or reviewed by the Company's statutory auditors.

5. Whether the same accounting policies and method of computation as in the issuer's most recently audited financial statements have been applied. 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 financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently audited annual financial statements for the financial year ended 30 September 2021.

The Group has adopted the relevant new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") effective beginning from 1 October 2021. The adoption of these accounting standards will have no material impact on the financial statements.

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

Not applicable.

7. 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 operating period and the next 12 months

Malaysia has begun its transition to the endemic phase commencing 1 April 2022. With the reopening of borders and relaxation of Covid-19 standard operating procedures ("SOP"), the general economy especially the tourism related industry like hotels and restaurants will be given a needed boost.

However, the outbreak of the Russia-Ukraine conflict since 24 February 2022 has put a dampener on recovery of the world economy due to the rising energy, commodities and food prices as Russia and Ukraine are major producers of wheat, corn and sunflower oil. This was further exacerbated by the export ban of palm oil in Indonesia. The supply chain disruptions will also worsen by the recent lockdown in Shanghai due to increasing Covid-19 cases. Malaysian has begun to feel the effects of these rising costs with inflation creeping up.

Amid these backdrops, the Group expects the overall operating performance for the remaining period of FY2022 to be very challenging.

a) Food Services Division

<u>Texas Chicken restaurants</u>

Overall stores performance improved due to consumption-led recovery and relaxed SOP. However, this was negatively impacted by soaring food costs due to the prolonged supply chain disruptions and Russia-Ukraine war.

i) Poultry products prices have surged significantly by average 35% between October 2021 to April 2022 mainly due to:
   - Higher mortality rate due to Newcastle disease and shortage of workers resulted in supply issue;
   - Feed costs spiked amid dry weather in Brazil and South America causing poor harvest of grains; and
   - Global corn supply crisis due to Russia-Ukraine conflict.

ii) Coca-Cola price surged 6% across the board due to the raw material cost increased, effective 1 April 2022.

iii) Flour price increase for another 10% in April 2022 due to tight supply of wheat.

iv) Palm oil price to remain at higher price range (above RM6,000/ton).

To mitigate the impact of the food costs, Texas Chicken has increased menu prices in April 2022, temporary suspending some items with low margin in the menu while continuing to source for alternate suppliers to contain costs.

Texas Chicken continues its expansion with five new store openings in the first half of FY2022 with total store count reaching 85 stores and plans to open eight more new outlets in the second half of FY2022.

San Francisco Coffee chains

Globally, prices of coffee beans have been increasing steadily between September 2021 and March 2022 with prices going up by almost 12%. This has resulted in price increases across the board. We expect to see this trend continue throughout the year and forecast that increases will not just be limited to coffee bean prices, but that of pastries and other materials as well. To counter these increases, SF Coffee has implemented the followings:

- Price increases across a selected range of products with an average increase of 5% to protect margins;

- Engaging multiple suppliers to ensure price and supply security;

- Ensuring efficient staff management structures to contain costs; and

- Hedging supplies and ensuring efficiency in the usage of supply.

Competition remains fierce in the coffee chain business. Our competitors have begun expanding and there is an upward trend to provide customers with better experiences and quality. The pandemic has reduced the numbers of independent coffee businesses and cafes and this has provided opportunities for coffee chain businesses to grow. We have also seen an evolution of our competitors who are focusing on localising their menus, offering more varieties of limited time offerings products, improving their service standards by implementing table service and increasing their brand presence in the market.

SF Coffee long term growth model will be driven by new stores openings, comparable stores growth and continue to develop and streamline its products as well as make continue adjustments to pricing structure. Much of the major changes occurring to SF Coffee is largely internal and organic. There have been major personnel changes and restructuring of operations to sustain recovery of business for the next 12 months.

SF Coffee has a total of 47 stores following the opening of two new stores at Ayer@8, Putrajaya and Sunway Giza Mall, Dataran Sunway in March 2022 and April 2022 respectively, and closure of two under-performing stores in December 2021. It plans to open four more new outlets in the second half of FY2022.

b) Trading and Frozen Food Division

Prices of imported meat from Australia, New Zealand and Brazil continue to increase due to shortage of animals, higher freight charges due to shortage of containers and Ministry of Health (“MOH”) detention charges in Malaysia. A few plants from Australia and New Zealand have refused to comply with MOH regulations to label the outer carton and inter bags with establishment number, Halal logo, slaughter date, expiry date and importer full details to ensure quality and safety for the consumption of Malaysians. We have to label the cartons for them as it required MOH inspection before selling the products, resulting in out of stock. Furthermore, we also encountered issues with certain overseas suppliers that they are unable to fulfil our order quantity, such as cuts of meat and etc.

French fries from Lamb-Weston increased over USD0.80 per kg due to poor harvest. Dairy products from UK, Europe and Australia continue to increase by 10 to 15%. Butter increased over 20 to 25% due to shortage of milk. To help mitigate some of the impact, Pok Brothers continue to get marketing support from certain suppliers and it plans to have more price hikes to pass on the higher costs to consumers.

c) Food Processing Division

(i) Bakery

The proposed disposal of bakery plant at Pulau Indah have been completed on 11 February 2022. Consequently, the Group has ceased its frozen bakery business.

(ii) Butchery

Gourmessa revenue improved amid the economy reopening. Due to higher cost of raw materials, Gourmessa has increased all prices by 20% to 30% except for a contract customer. Butchery business is expected to improve following the borders reopening.

d) Dairies Division

Dairies continues to face intensified margin pressure from the surge in commodity prices, further exacerbated by the Russia-Ukraine war. Prices for the main raw materials to produce sweetened creamer such as milk powder, sugar and palm oil as well as tin plate, spiked during February-March 2022.

Raw materials prices are increasing rapidly where input cost could be the same as selling price at some points. All producers/brands are adjusting their selling prices in different incremental amount or through trade offer. Thus, there's no clear cut on the standard selling price in the market at this moment. Dairies started to raise its selling price in a gradually manner on a monthly basis.

Business has return to normal since January 2022 where eateries are operating at pre-pandemic level. However, outlets such as "mamak" is still not able to recover back to their full operation (24 hours) due to shortage of workers. Although government has approved on the re-entering/re-hiring of foreign workers starting 15 February 2022, it will take few months before the workers could fly into Malaysia. April 2022 sales is expected to be lower due to fasting (Ramadan) month. It foresees that the sales will return to normal in May and June 2022.

Meanwhile, export sales were low in the second quarter as most customers are "adopting a wait and see" attitude since the pricing has been increasing every month since first quarter. Customers will start buying when their market is running out of supplies as they do not want to caught in the situation when the price start to come down.

In addition, our products are mainly sold to third world countries where everything is getting more expensive after the war broke out between Russia and Ukraine. Therefore, consumers in third world countries are consuming less than before due to rising prices.

8. Dividend information

(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.

8.1. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommended for the financial period ended 31 March 2022 as the Group needs to conserve cash resources for working capital requirement.

9. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

10. Review of performance of the Group - turnover and earnings by the business segments

The Group's businesses comprise the Food Services, Trading and Frozen Food, Food Processing and Dairies Divisions. For the six months ended 31 March 2022, the Food Services Division contributed 53.3% of the revenue, followed by the Trading and Frozen Food, Dairies and Food Processing Divisions of 29.2%, 11.9% and 5.6%, respectively.

Food Services Division

The Division's revenue climbed 18.7% to RM127.1 million from RM107.1 million, mainly contributed by stores growth of Texas Chicken restaurants in Malaysia. Texas Chicken's top line surged RM17.7 million or 19.2% from RM92.2 million to RM109.9 million on the back of additional seven new stores and higher comparable store sales growth resulting from the easing of movement restrictions and higher footfall. Similarly, San Francisco Coffee chains' revenue edged up RM2.3 million or 15.4% from RM14.9 million to RM17.2 million, amid improved performance of existing stores as business trends towards normalcy. Consequently, the Division posted a profit before tax of RM0.7 million in 1HFY2022, a sharp turnaround from the RM6.4 million loss before tax in 1HFY2021.

Segmental assets decreased by RM17.8 million or 7.3% from RM243.0 million to RM225.2 million primarily attributable written-off of property, plant and equipment due to closure of non-performing San Francisco Coffee stores. Segment liabilities decreased by RM8.8 million or 4.0% from RM220.0 million to RM211.2 million attributed to the reduction in lease liabilities due to settlement of finance lease and closure of San Francisco Coffee outlets, offset by higher bank borrowings for the opening of Texas Chicken restaurants,

Trading and Frozen Food Division

The Trading and Frozen Food Division saw a robust top-line performance growth rate of 23.6% to RM69.7 million from RM56.4 million in the preceding corresponding period. Revenue improved from retailers, hotels and restaurants following the lifting of the interstate travel ban and dine-in restrictions which led to higher domestic consumption relating to tourism sector. Consequently, the Division achieved a profit before tax of RM6.1 million compared with profit before tax of RM2.7 million in the previous corresponding period.

Segmental assets increased slightly by RM0.8 million or 0.8% from RM98.8 million to RM99.6 million mainly due to increase in trade receivables and inventories which were partly offset by depreciation. Segmental liabilities reported at RM32.9 million compared with RM32.4 million in the previous financial period, up by RM0.5 million or 1.5% mainly due to repayment of bank borrowings.

Food Processing Division

The Food Processing Division achieved an improvement in revenue of RM5.1 million or 60.7% from RM8.4 million to RM13.5 million mainly due to recovery of economic activities particularly in the tourism sector. Loss before tax narrowed to RM4.2 million from RM9.3 million in the previous corresponding period largely due to business recovery from MCO easing and a one-time gain arising from the sale of customer portfolio of RM0.9 million. Bakery business has ceased operation following the disposal of its plant on 11 February 2022.

Segmental assets decreased significantly by RM85.3 million or 65.8% to RM44.4 million from RM129.7 million mainly attributed to disposal of bakery plant and collection received from the customers. The segmental liabilities reduced by RM94.7 million or 69.3% from RM136.6 million to RM41.9 million was largely due to repayment of bank borrowings and finance lease obligations from the proceeds for disposal of plant.

Dairies Division

Revenue of the Dairies Division edged up RM4.8 million or 20.3% from RM23.6 million to RM28.4 million, backed by higher sales volume from local market. However, the Division recorded a higher loss of RM7.3 million as compared to RM4.2 million in the previous corresponding. The bottom line being compressed by higher production costs due to continue rising commodity prices as well as higher depreciation of property, plant and equipment.

Segmental assets increased slightly by RM0.9 million or 1.0% from RM93.7 million to RM94.6 million primarily attributed to increase in inventories and trade receivables. The segmental liabilities increased RM11.9 million or 16.9% from RM70.3 million to RM82.2 million was largely due to higher trade line facilities.

11. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual.

We, Dato' Jaya J B Tan and Dato' Kamal Y P Tan, being two directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statement for six-month period ended 31 March 2022 to be false or misleading in any material respect. A statement signed by us is on record.

12. 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 has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

By Order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' JAYA J B TAN
Executive Chairman

13 May 2022