



ENVICTUS INTERNATIONAL HOLDINGS LIMITED

(formerly known as Etika International Holdings Limited)

Company Registration No. 200313131Z

NEWS RELEASE

ENVICTUS RECORDS NET PROFIT OF RM537.7 MILLION¹ IN FY2014 FROM RM5.1 MILLION IN FY2013

- *Unlocked shareholders' value through divestment of Dairies and Packaging businesses and relevant intellectual properties to generate overall gain of RM607.5 million²*
- *"Texas Chicken" Restaurant business (under Others Division) to be key growth driver, with opening of six "Texas Chicken" outlets in FY2014, two opened subsequent to year-end and seven new sites identified*
- *To tap on strong branding of "Gourmessa" under Pok Brothers for further penetration into hotel and mall segments*
- *Ceased Noodles business (under Others Division) to streamline and focus on core divisions*
- *Continue to leverage on strong brands, seek attractive growth opportunities and improve existing businesses and operations*

Singapore, November 28, 2014 – Envictus International Holdings Limited ("Envictus" "恒益德國際控股有限公司" or the "Group"), formerly known as Etika International Holdings Limited, an established Food & Beverage ("F&B") Group, reported a net profit of RM537.7 million for the full year ended September 30, 2014 ("FY2014"), compared to RM5.1 million for the previous corresponding period ("FY2013"). This was mainly due to a collective RM607.5 million gain comprising a RM573.3 million one-time extraordinary gain on disposal of the Group's Dairies and Packaging businesses to Asahi Group Holdings Southeast Asia Pte. Ltd. ("Asahi") and a RM34.2 million gain on disposal of the relevant intellectual properties.

¹ Approximately S\$209.1 million. Currency conversion based on S\$1.00 = RM2.5714

² Approximately S\$236.3 million. Currency conversion based on S\$1.00 = RM2.5714

Envictus' Group Chairman, Dato' Jaya Tan said, "Having successfully unlocked shareholders' value through the divestment of our Dairies and Packaging businesses during the financial year, we are now in a firm position to enhance existing businesses to further deliver value. In addition, it is also part of our strategy to potentially pursue opportunities through acquisitions, joint ventures and collaborations. With the proceeds from the divestment, we are glad to have been able to reward our shareholders through the special interim dividend of RM488.1 million paid out on August 26, 2014.

"To better reflect our new beginnings ahead, we have changed our corporate identity from "Etika" to "Envictus" which also signifies the commitment to deliver "enhanced good food" to consumers.

"During the quarter, we ceased our Noodles business due to increased difficulties in sustaining the business arising from the competitive pressures in Indonesia. With the streamlining of our operations, this allows us to better focus on our core businesses. Moving forward into the new financial year, we have also reorganised our business divisions to better reflect the business activities of Envictus. Our new divisions will now include Trading and Frozen Food, Food Services (Texas Chicken), Nutrition as well as Food Processing, comprising of the business segments of Bakery, Butchery, Beverages and Contract Packing for Dairy and Juice-based Drinks."

Financial Review

The Group achieved revenue of RM306.8 million for FY2014, an increase of 3.3% compared to RM296.9 million recorded in FY2013. The increase was driven by the Trading and Frozen Food Division's higher number of retail distribution channels. At the same time, revenue was boosted by the Restaurant business segment, as a result of the opening of additional outlets. However, lower sales performance of the Nutrition Division of RM4.7 million as a result of an influx of US products and production issues at its beverage plant impacted Envictus' overall revenue. In addition, its Noodles business (under Others Division), which ceased manufacturing operations on September 19, 2014, recorded lower revenue by RM18.3 million.

Gross profit margin was marginally lower, at 19.1% in FY2014 compared to 20.4% in FY2013 while gross profit was also slightly lower by 3.0% at RM58.6 million in FY2014 compared to RM60.4 million in FY2013. This was mainly a result of increased raw material costs and production issues at the Group's Nutrition Division and higher production costs coupled with lower sales at its Noodles business (under Others Division).

Operating expenses rose by 49.2% to RM144.0 million from RM96.5 million in FY2013 largely due to a RM44.7 million impairment of plant and machinery and intangibles. This followed a review undertaken to assess some of the Group's operating units. The Group also experienced higher administrative, selling and marketing expenses attributable to increased labour costs. Selling and marketing expenses were lower due to a decrease in advertising and promotion expenses of its Noodles business offset by an increase in store count expansion expenses by its Restaurant business (under Others Division).

Other operating income surged to RM38.5 million in FY2014 from RM1.6 million in FY2013 mainly as a result of the RM34.2 million gain on disposal of intellectual properties to Asahi as part of Envictus' divestment of its Dairies and Packaging businesses. Interest income was also earned from the deposit of the divestment proceeds.

Collectively, with the profit from discontinued operations, net of tax, comprising of a RM36.7 million operational profit and the gain of RM573.3 million on the divestment to Asahi, Envictus recorded an overall profit after tax of RM537.7 million in FY2014.

As at September 30, 2014, the Group maintained a robust balance sheet with strong cash and bank balances of RM144.0 million and shareholders' equity of RM343.8 million.

Outlook

Group Chief Executive Officer, Dato' Kamal Tan, said, "Our "Gourmessa" brand of quality cold cuts sold across Malaysia's supermarkets and hypermarket chains have continued to receive strong brand recognition and the retail performance has been encouraging. With the anticipated launch of hotels and shopping malls in Malaysia, we expect higher sales and demand by customers for the Trading and Frozen Food Division's products. However, we are cognizant that our performance may be impacted temporarily by the upcoming Goods and Services Tax implementation which could affect consumer and business spending sentiments. In addition, the division may also experience some price competitiveness in the market."

Dato' Kamal Tan commented on the Nutrition Division, "For the Nutrition Division, we are in the midst of rebuilding our market share backed by our comprehensive range of products, especially in the ready-to-drink category for sports and weight management drinks. Overall, although our performance was impacted by increased raw material costs, competitive pressures in New Zealand and Australia and quality control adjustment issues at our beverage plant, we are confident in overcoming them to secure the confidence of consumers.

"Envictus has grown the Restaurant business under its Others Division at a good pace, having reached a total of 14 "Texas Chicken" outlets currently, with six stores launched during the financial year and two opened subsequent to year-end. The Restaurant business is anticipated to be a key growth driver given the Group's plans to increase the number of outlets by financial year 2015 with seven new sites identified. A number of strategic initiatives to steer the brand forward includes increasing efforts towards advertising and promotion campaigns, introducing fresh offerings such as limited-time-offer products and the roll out of new menu items. Although the petrol price hikes and upcoming Goods and Service Taxes implementation are anticipated to raise the cost base for the Restaurant business, the Group will continue to manage costs efficiently and leverage on the growing demand by customers for the "Texas Chicken" restaurant concept."

Concluding, Dato' Kamal Tan said, "With the conclusion of the sale of our Dairies and Packaging businesses, we look forward to continue to deliver value to investors. We intend to further tap on the strength of our brands such as Pok Brothers, which just celebrated its 50th anniversary last year, pursue attractive growth opportunities and improve cost and operational efficiencies of existing businesses. Our "Texas Chicken" store expansion strategy, particularly within the Klang Valley area in Kuala Lumpur, Malaysia, will be a key driver of our business direction. Backed by our strong balance sheet, we are confident in weathering unforeseen challenges ahead, should they arise."

Barring unforeseen circumstances, the Group remains cautiously optimistic on its prospects. It continues to take active steps to further shore up its fundamentals and grow its businesses to derive greater value for shareholders.

ABOUT ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Listed on SGX Catalist (previously known as the SGX-SESDAQ) in 2004, and upgraded to the Mainboard in 2009, Envictus International Holdings Limited, formerly known as Etika International Holdings Limited, is an established Food & Beverage ("F&B") Group. The Group has an established portfolio of businesses and brands operating under its three key business divisions – Trading and Frozen Food, Nutrition and Others.

The Group's wholly-owned subsidiary, Pok Brothers Sdn Bhd, is one of Malaysia's leading frozen food and premium food wholesaler and is a supplier to several major American restaurant chains in Malaysia. Pok Brothers currently has two subdivisions – Frozen Food trading and Butchery and Bakery business under De-luxe Food Services Sdn Bhd which produces frozen bakery items and the "Gourmessa" range of butchery products. Together with another wholly-owned subsidiary, Family Group, which produces fresh breads and buns under the "Daily Fresh" and "Family" brand, they form the bedrock of Envictus' Trading and Frozen Food business.

For Nutrition, under Naturalac Nutrition Limited (“NNL”), the Group markets its range of branded sports nutrition and weight management food products for mass consumer markets. This includes the Horleys™ brand name and other proprietary brands such as Sculpt™ (a weight management product tailored for women), Replace™ (an isotonic sports drink in both powder and carbonated format) and Pro-Fit™ (a high protein ready-to-drink beverage). In New Zealand, NNL’s products are primarily distributed through the route channels (gyms, health food shops, specialty stores and specialty nutrition shops) and retail channels (supermarkets, oil and convenience retail outlets) whilst its Australian sales are made predominantly through the route. The Group entered into the ready-to-drink segment via a joint venture in Envictus Dairies NZ Limited (formerly known as Etika Dairies NZ Limited) to establish New Zealand’s first state-of-art, UHT Aseptic PET bottling line for dairy, juice and water products at the Whakatu Industrial Park.

Under the Group’s Others Division, Envictus holds exclusive rights for a 10-year period since July 2012 to develop and operate the fast growing American-styled “Texas Chicken” fast food restaurant chains in Malaysia and Brunei. Since its first flagship outlet opened in January 2013 at Aeon Bukit Tinggi Shopping Centre, Klang, Malaysia, the robust demand for the “Texas Chicken” restaurant concept has driven the Group to expand its store footprint at a healthy pace.

For Beverage, the Group’s canned beverages are produced by Polygold Beverages Sdn Bhd (formerly known as Etika Beverages Sdn Bhd) in Seremban, Negeri Sembilan. Its plant produces both carbonated and non-carbonated drinks under the brand name of “Polygold”. In addition, it also produces “Air Champ” energy drink and “Power Champ” isotonic sports drink. The Group successfully produced the 325ml PET bottle carbonated drink in June 2014 specially designed to suit the China market and has introduced it to the market.

In June 2014, the Group unlocked shareholders' value in the business through the completion of its divestment of the Dairies and Packaging divisions to Asahi Group Holdings Southeast Asia Pte. Ltd. To better reflect Envictus' business activities, the Group's new divisions will now include Trading and Frozen Food, Food Services (Texas Chicken), Nutrition as well as Food Processing, comprising of the business segments of Bakery, Butchery, Beverages and Contract Packing for Dairy and Juice-based Drinks.

For more details, please visit the Group's corporate website at www.envictus-intl.com.

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