ENVICTUS INTERNATIONAL HOLDINGS LIMITED

(Company Registration No. 200313131Z)

Condensed Interim Financial Statements
For the Six Months and Full Year Ended 30 September 2023

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

The Group	Note	6 Months Ended 30.9.2023 RM'000	6 Months Ended 30.9.2022 RM'000	Change %	12 Months Ended 30.9.2023 RM'000	12 Months Ended 30.9.2022 RM'000	Change %
Revenue	4	286,010	276,917	3.3	566,074	515,582	9.8
Cost of sales		(174,736)	(174,664)	0	(345,889)	(323,425)	6.9
Gross profit		111,274	102,253	8.8	220,185	192,157	14.6
Other income		2,807	19,586	(85.7)	5,850	31,014	(81.1)
Operating expenses							
Administrative expenses		(18,671)	(17,709)	5.4	(38,161)	(36,200)	5.4
Selling and marketing expenses		(88,690)	(75,749)	17.1	(172,363)	(142,532)	20.9
Warehouse and distribution expenses		(10,259)	(10,953)	(6.3)	(21,081)	(20,796)	1.4
Research and development expenses		(570)	(780)	(26.9)	(1,106)	(1,492)	(25.9)
Other operating expenses		(4,711)	(3,787)	24.4	(3,613)	(5,582)	(35.3)
		(122,901)	(108,978)	12.8	(236,324)	(206,602)	14.4
(Loss)/Profit before interest and income tax		(8,820)	12,861	>100	(10,289)	16,569	>100
Finance costs		(9,491)	(8,987)	5.6	(18,986)	(20,250)	(6.2)
(Loss)/Profit before income tax	5	(18,311)	3,874	>100	(29,275)	(3,681)	>100
Income tax expense	7	(2,085)	(1,115)	87.0	(3,579)	(2,706)	32.3
(Loss)/Profit for the financial period/year		**(20,396)**	**2,759**	**>100**	**(32,854)**	**(6,387)**	**>100**

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

	6 Months Ended			12 Months Ended		
	30.9.2023 RM'000	30.9.2022 RM'000	Change %	30.9.2023 RM'000	30.9.2022 RM'000	Change %
(Loss)/Profit for the financial period/year	**(20,396)**	**2,759**	**>100**	**(32,854)**	**(6,387)**	**>100**
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations	1,813	2,128	(14.8)	769	3,031	(74.6)
Items that will not be reclassified subsequently to profit or loss						
Net fair value gain/(loss) on financial assets at FVOCI	458	548	(16.4)	(2,541)	533	>100
Other comprehensive income for the financial period/year, net of tax	2,271	2,676	(15.1)	(1,772)	3,564	>100
Total comprehensive income	**(18,125)**	**5,435**	**>100**	**(34,626)**	**(2,823)**	**>100**
(Loss)/Profit attributable to:						
Owners of the Company	**(20,396)**	**2,759**	**>100**	**(32,854)**	**(6,387)**	**>100**
Total comprehensive income attributable to:						
Owners of the Company	**(18,125)**	**5,435**	**>100**	**(34,626)**	**(2,823)**	**>100**
(Loss)/Earnings per share attributable to the owners of the Company (RM sen):						
Basic and diluted (Note 8)	**(6.90)**	**1.12**	**>100**	**(11.11)**	**(2.58)**	**>100**

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 30.9.2023 RM'000	As at 30.9.2022 RM'000	As at 30.9.2023 RM'000	As at 30.9.2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment*	11	303,372	392,114	-	-
Investment property	12	18,331	19,992	-	-
Investments in subsidiaries		-	-	348,147	326,737
Financial assets at fair value through other comprehensive income ("FVOCI")	13	7,622	9,862	7,622	9,597
Rental and utility deposits		10,739	-	-	-
Deferred tax assets		308	308	-	-
Intangible assets	14	28,760	26,353	-	-
Total non-current assets		**369,132**	**448,629**	**355,769**	**336,334**
Current assets					
Inventories		53,413	49,603	-	-
Trade and other receivables		53,896	72,087	68,300	43,378
Cash and bank balances		18,328	16,760	1,520	1,259
		125,637	**138,450**	**69,820**	**44,637**
Assets classified as held for sale	15	73,702	-	-	-
Total current assets		**199,339**	**138,450**	**69,820**	**44,637**
Total assets		**568,471**	**587,079**	**425,589**	**380,971**
LIABILITIES					
Current liabilities					
Trade and other payables		111,511	90,296	23,024	23,341
Amount due to directors		3,183	13,846	3,183	13,846
Bank borrowings	16	109,108	84,946	-	-
Lease liabilities		23,938	23,075	-	-
Current income tax payable		447	166	-	-
Total current liabilities		**248,187**	**212,329**	**26,207**	**37,187**
Non-current liabilities					
Amount due to director		9,000	-	9,000	-
Bank borrowings	16	50,096	101,816	-	-
Lease liabilities		98,482	106,116	-	-
Provision for restoration costs		4,876	4,544	-	-
Deferred tax liabilities		3,450	3,542	-	-
Total non-current liabilities		**165,904**	**216,018**	**9,000**	**-**
Total liabilities		**414,091**	**428,347**	**35,207**	**37,187**
NET ASSETS		**154,380**	**158,732**	**390,382**	**343,784**
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	17	208,139	177,865	208,139	177,865
Treasury shares	17	(183)	(183)	(183)	(183)
Accumulated (losses)/profits		(59,948)	(25,730)	121,799	126,442
Foreign currency translation reserve		37,303	33,497	89,165	63,999
Fair value reserve		(28,537)	(24,323)	(28,538)	(24,339)
Other reserve		(2,394)	(2,394)	-	-
Total equity		**154,380**	**158,732**	**390,382**	**343,784**

** Includes right-of-use assets*

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The 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 (losses)/ profit RM'000	Total equity RM'000
At 1 October 2022	177,865	(183)	33,497	(24,323)	(2,394)	(25,730)	158,732
Loss for the financial year	-	-	-	-	-	(32,854)	(32,854)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	3,806	(1,658)	-	(1,379)	769
Net fair value gain on financial assets at FVOCI	-	-	-	(2,541)	-	-	(2,541)
Total other comprehensive income	-	-	3,806	(4,199)	-	(1,379)	(1,772)
Total comprehensive income	-	-	3,806	(4,199)	-	(34,233)	(34,626)
Transaction with owners:							
Issuance of share capital	30,274	-	-	-	-	-	30,274
Reclassification due to disposal of financial assets at FVOCI	-	-	-	(15)	-	15	-
At 30 September 2023	208,139	(183)	37,303	(28,537)	(2,394)	(59,948)	154,380
At 1 October 2021	177,865	(183)	29,324	(23,818)	(2,394)	(19,239)	161,555
Loss for the financial year	-	-	-	-	-	(6,387)	(6,387)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	4,173	(1,142)	-	-	3,031
Net fair value gain on financial assets at FVOCI	-	-	-	533	-	-	533
Total other comprehensive income	-	-	4,173	(609)	-	-	3,564
Total comprehensive income	-	-	4,173	(609)	-	(6,387)	(2,823)
Reclassification due to disposal of financial assets at FVOCI	-	-	-	104	-	(104)	-
At 30 September 2022	177,865	(183)	33,497	(24,323)	(2,394)	(25,730)	158,732

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

The Company	**Share capital**	**Treasury shares**	**Foreign currency translation reserve**	**Fair value reserve**	**Accumulated profits/ (losses)**	**Total equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 October 2022	177,865	(183)	63,999	(24,339)	126,442	343,784
Loss for the financial year	-	-	-	-	(4,643)	(4,643)
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	25,166	(1,658)	-	23,508
Net fair value loss on financial assets at FVOCI	-	-	-	(2,541)	-	(2,541)
Total other comprehensive income	-	-	25,166	(4,199)	-	20,967
Total comprehensive income	-	-	25,166	(4,199)	(4,643)	16,324
Transaction with owners: Issuance of share capital	30,274	-	-	-	-	30,274
At 30 September 2023	208,139	(183)	89,165	(28,538)	121,799	390,382
At 1 October 2021	177,865	(183)	46,623	(23,884)	143,314	343,735
Loss for the financial year	-	-	-	-	(16,768)	(16,768)
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	17,376	(1,142)	-	16,234
Net fair value loss on financial assets at FVOCI	-	-	-	583	-	583
Total other comprehensive income	-	-	17,376	(559)	-	16,817
Total comprehensive income	-	-	17,376	(559)	(16,768)	49
Reclassification due to disposal of financial assets at FVOCI	-	-	-	104	(104)	-
At 30 September 2022	177,865	(183)	63,999	(24,339)	126,442	343,784

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	12 months ended 30.9.2023 RM'000	**12 months ended 30.9.2022 RM'000**
Operating activities		
Loss before taxation	(29,275)	(3,681)
Adjustments for:		
Depreciation of property, plant and equipment	45,480	44,409
Finance costs	18,986	20,250
Property, plant and equipment written off	3,049	1,822
Amortisation of intangible assets	534	531
Depreciation of investment property	421	449
Foreign currency exchange (gain)/loss, net	(182)	2,641
Gain on lease modifications, net	(1,390)	-
Fair value loss on disposal of investment	1	-
Loss on liquidation of a subsidiary	81	-
Interest income	(195)	(123)
Loss/(Write back of) allowance on receivables, net	29	(746)
Rent concession	(226)	(2,665)
Gain on disposal of assets classified as held for sale	-	(3,636)
Gain on disposal of property, plant and equipment, net	(243)	(13,184)
Impairment on property, plant and equipment, net	117	(80)
Operating profit before working capital changes	**37,187**	**45,987**
Working capital changes:		
Inventories	(3,811)	(9,129)
Trade and other receivables	(4,237)	(19,401)
Trade and other payables	21,972	(7,833)
Cash generated from operations	51,111	9,624
Interest paid	(1,856)	(1,260)
Income tax paid, net	(3,868)	(2,097)
Net cash generated from operating activities	45,387	6,267
Investing activities		
Interest received	195	123
Proceeds from disposal of assets classified as held for sale	-	86,738
Proceeds from disposal of property, plant and equipment	11,317	22,715
Proceeds from disposal of investment	264	-
Purchase of property, plant and equipment	(13,362)	(9,388)
Purchase of intangible assets	(2,929)	(3,062)
Net cash (used in)/generated from investing activities	**(4,515)**	**97,126**
Financing activities		
Proceeds from issuance of shares	30,274	-
Interest paid	(17,131)	(18,793)
(Repayment to)/Advances from directors, net	(1,663)	4,128
(Repayment to)/Advances from a third party	(994)	4,642
Repayment of lease obligations	(23,576)	(22,266)
Drawdown of bank borrowings	139,694	87,614
Repayment of bank borrowings	(166,785)	(160,204)
Net cash used in financing activities	**(40,181)**	**(104,879)**
Net change in cash and cash equivalents	**691**	**(1,486)**
Cash and cash equivalents at the beginning of the financial year	14,918	16,373
Effect of exchange rate changes	54	31
Cash and cash equivalents at the end of the financial year	**15,663**	**14,918**
Cash and cash equivalents comprise the following:		
Cash and bank balances	18,328	16,760
Less: Pledged fixed deposits	(1,906)	(615)
Less: Bank overdrafts	(759)	(1,227)
	15,663	**14,918**

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 12 months ended 30 September 2023 comprise the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are investment holding and provision of 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 and distribution of condensed and evaporated milk; and
d) Manufacturing of butchery products.

2. Basis of preparation

The condensed interim financial statements for the six months and full financial year ended 30 September 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued. 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 2022.

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 RM32,854,000 for the financial year ended 30 September 2023. The Group's net current liabilities and capital commitment contracted but not provided for as at 30 September 2023 were RM48,848,000 and RM3,290,000, respectively.

Due to the non-compliance of the financial covenant by a subsidiary in relation to the maintenance of positive tangible net worth as at 30 September 2023, certain long-term bank borrowings with total amount of RM6,744,000 have been reclassified to current liabilities. The Group is still in discussion with the banks and there is no indication that the banks will request for early repayment of the outstanding amount as of the date when these financial statements were approved by the Directors. Excluding these long-term borrowings that were reclassified to current liabilities, the Group's negative working capital would be RM42,104,000.

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 24) under the "Review on Statements of Financial Position".

2. Basis of preparation (Continued)

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 2022.

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 2022.

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) Dairies Division – manufacturing and distribution of condensed and evaporated milk; and
d) Food Processing Division – butchery.

4.1 Reportable segments

Six months ended 30 September 2023

The Group **1 April 2023 to 30 September 2023**	**Food Services** **RM'000**	**Trading and Frozen Food** **RM'000**	**Dairies** **RM'000**	**Food Processing** **RM'000**	**Unallocated** **RM'000**	**Total** **RM'000**
Revenue						
Total revenue	156,503	72,656	105,161	11	8,012	342,343
Intersegment revenue	-	(6,551)	(41,770)	-	(8,012)	(56,333)
Revenue from external customers	156,503	66,105	63,391	11	-	286,010
Segment results	(7,953)	7,023	303	(868)	(7,415)	(8,910)
Interest income	30	41	-	1	18	90
Finance costs	(5,956)	(583)	(1,626)	(841)	(485)	(9,491)
(Loss)/Profit before tax	(13,879)	6,481	(1,323)	(1,708)	(7,882)	(18,311)
Income tax	(17)	(1,453)	-	(5)	(610)	(2,085)
(Loss)/Profit from operations	(13,896)	5,028	(1,323)	(1,713)	(8,492)	(20,396)
Segment assets	223,436	103,736	124,667	38,186	78,446	568,471
Segment liabilities	(220,238)	(29,611)	(93,055)	(34,076)	(37,111)	(414,091)
Other information						
Additions to property, plant and equipment	15,156	924	71	-	668	16,819
Additions to intangible assets	140	-	1	-	-	141
Depreciation and amortisation	18,037	734	1,451	1,832	1,136	23,190
Write back of loss allowance on receivables, net	-	(448)	453	-	(10)	(5)
Property, plant and equipment written off	2,701	1	-	-	-	2,702
Gain on lease modifications, net	(1,245)	-	-	-	-	(1,245)
Gain on disposal of property, plant and equipment	-	(8)	-	-	(235)	(243)
Impairment on property, plant and equipment, net	117	-	-	-	-	117

4.1 Reportable segments (Continued)

Six months ended 30 September 2022

The Group 1 April 2022 to 30 September 2022	Food Services RM'000	Trading and Frozen Food RM'000	Dairies RM'000	Food Processing RM'000	Unallocated RM'000	Total RM'000
Revenue						
Total revenue	146,329	89,662	88,868	-	3,551	328,410
Intersegment revenue	-	(9,808)	(38,134)	-	(3,551)	(51,493)
Revenue from external customers	146,329	79,854	50,734	-	-	276,917
Segment results	1,001	8,139	(1,877)	(107)	5,640	12,796
Interest income	26	38	-	1	-	65
Finance costs	(5,658)	(477)	(1,540)	(891)	(421)	(8,987)
(Loss)/Profit before tax	(4,631)	7,700	(3,417)	(997)	5,219	3,874
Income tax	(10)	(984)	-	-	(121)	(1,115)
Loss/(Profit) for the period	(4,641)	6,716	(3,417)	(997)	5,098	2,759
Segment assets	233,972	114,716	106,097	42,267	90,027	587,079
Segment liabilities	(214,406)	(47,367)	(87,701)	(38,467)	(40,406)	(428,347)
Other information						
Additions to property, plant and equipment	18,054	282	47	-	10	18,393
Additions to intangible assets	2,699	3	-	-	-	2,702
Depreciation and amortisation	16,618	1,903	1,423	1,911	1,015	22,870
Write back of loss allowance on receivables, net	-	(1,077)	(33)	(160)	(13)	(1,283)
Property, plant and equipment written off	1,110	8	-	22	-	1,140
Gain on disposal of assets classified as held for sale	-	-	-	-	(12,846)	(12,846)
Gain on disposal of property, plant and equipment	(1)	(15)	-	(157)	-	(173)

4.1 Reportable segments (Continued)

Full year ended 30 September 2023

The Group **1 October 2022 to 30 September 2023**	**Food Services** **RM'000**	**Trading and Frozen Food** **RM'000**	**Dairies** **RM'000**	**Food Processing** **RM'000**	**Unallocated** **RM'000**	**Total** **RM'000**
Revenue						
Total revenue	307,438	163,963	190,839	11	13,616	675,867
Intersegment revenue	(1)	(15,252)	(80,924)	-	(13,616)	(109,793)
Revenue from external customers	307,437	148,711	109,915	11	-	566,074
Results						
Segment results	(12,625)	14,097	(168)	(729)	(11,059)	(10,484)
Interest income	69	89	-	2	35	195
Finance costs	(12,007)	(1,228)	(3,188)	(1,642)	(921)	(18,986)
(Loss)/Profit before tax	(24,563)	12,958	(3,356)	(2,369)	(11,945)	(29,275)
Income tax	(24)	(2,878)	-	(5)	(672)	(3,579)
(Loss)/Profit for the financial year	(24,587)	10,080	(3,356)	(2,374)	(12,617)	(32,854)
Segment assets	223,436	103,736	124,667	38,186	78,446	568,471
Segment liabilities	(220,238)	(29,611)	(93,055)	(34,076)	(37,111)	(414,091)
Other information						
Additions to property, plant and equipment	35,864	991	394	116	2,185	39,550
Additions to intangible assets	2,917	9	3	-	-	2,929
Depreciation and amortisation	35,079	2,517	2,866	3,662	2,311	46,435
(Write back of)/Loss allowance on receivables, net	-	(523)	572	-	(20)	29
Property, plant and equipment written off	3,048	1	-	-	-	3,049
Gain on lease modifications, net	(1,390)	-	-	-	-	(1,390)
Gain on disposal of property, plant and equipment	-	(8)	-	-	(235)	(243)
Impairment on property, plant and equipment, net	117	-	-	-	-	117

4.1 Reportable segments (Continued)

Full year ended 30 September 2022

The Group 1 October 2021 to 30 September 2022	Food Services RM'000	Trading and Frozen Food RM'000	Dairies RM'000	Food Processing RM'000	Unallocated RM'000	Total RM'000
Revenue						
Total revenue	273,472	167,816	137,128	13,821	6,785	599,022
Intersegment revenue	(21)	(18,240)	(58,027)	(367)	(6,785)	(83,440)
Revenue from external customers	273,451	149,576	79,101	13,454	-	515,582
Results						
Segment results	7,709	14,582	(7,655)	(1,382)	3,192	16,446
Interest income	53	68	-	2	-	123
Finance costs	(11,702)	(897)	(3,029)	(3,784)	(838)	(20,250)
(Loss)/Profit before tax	(3,940)	13,753	(10,684)	(5,164)	2,354	(3,681)
Income tax	(13)	(2,563)	-	-	(130)	(2,706)
(Loss)/Profit for the financial year	(3,953)	11,190	(10,684)	(5,164)	2,224	(6,387)
Segment assets	233,972	114,716	106,097	42,267	90,027	587,079
Segment liabilities	(214,406)	(47,367)	(87,701)	(38,467)	(40,406)	(428,347)
Other information						
Additions to property, plant and equipment	38,443	702	456	39	92	39,732
Additions to intangible assets	2,944	103	-	15	-	3,062
Depreciation and amortisation	32,578	3,916	2,799	3,934	2,162	45,389
(Write back of)/Loss allowance on receivables, net	-	(354)	105	(473)	(24)	(746)
Property, plant and equipment written off	1,791	9	-	22	-	1,822
Gain on disposal of assets classified as held for sale	-	-	-	-	(16,560)	(16,560)
Gain on disposal of property, plant and equipment	(1)	(15)	-	(244)	-	(260)
Reversal of impairment of property, plant and equipment	-	-	-	(80)	-	(80)

4.2 Geographical segments

Geographical segments for 6 months:

1 April 2023 to 30 September 2023	Malaysia RM'000	Africa RM'000	Asean RM'000	Middle East RM'000	America RM'000	Total RM'000
Total revenue from external customers	277,668	7,019	599	621	103	286,010
Segment non-current assets*	361,202	-	-	-	-	361,202

1 April 2022 to 30 September 2022	Malaysia RM'000	Africa RM'000	Asean RM'000	Total RM'000
Total revenue from external customers	274,130	2,327	460	276,917
Segment non-current assets*	438,459	-	-	438,459

Geographical segments for 12 months:

1 October 2022 to 30 September 2023	Malaysia RM'000	Africa RM'000	Asean RM'000	Middle East RM'000	America RM'000	Total RM'000
Total revenue from external customers	555,515	7,019	1,817	1,620	103	566,074
Segment non-current assets*	361,202	-	-	-	-	361,202

1 October 2021 to 30 September 2022	Malaysia RM'000	Africa RM'000	Asean RM'000	China RM'000	Total RM'000
Total revenue from external customers	508,975	4,734	1,139	734	515,582
Segment non-current assets*	438,459	-	-	-	438,459

* Excludes financial assets at FVOCI and deferred tax assets.

4.3 A breakdown of sales and net (loss)/profit after taxation are as follows:

	The Group		
	Financial year ended 30.9.2023 RM'000	Financial year ended 30.9.2022 RM'000	Change %
(a) Sales reported for the first half year	280,064	238,665	17.3
(b) Operating loss after tax before deducting non-controlling interests reported for the first half year	(12,458)	(9,146)	36.2
(c) Sales reported for second half year	286,010	276,917	3.3
(d) Operating (loss)/profit after tax before deducting non–controlling interests reported for the second half year	(20,396)	2,759	>100

5. (Loss)/Profit before income tax

	The Group			
	6 Months Ended		12 Months Ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
Depreciation of property, plant and equipment	22,694	22,357	45,480	44,409
Depreciation of investment property	210	225	421	449
Amortisation of intangible assets	286	288	534	531
Finance costs	9,491	8,987	18,986	20,250
Foreign currency exchange loss, net	1,864	2,497	394	3,593
Lease expenses on:				
- Short-term leases/low value of assets	5,833	4,578	11,414	8,919
- Rent concession	(7)	(571)	(226)	(2,665)
Payroll subsidies	-	(2,425)	(599)	(5,587)
Gain on disposal of assets classified as held for sale	-	-	-	(3,636)
Gain on disposal of property, plant and equipment	(243)	(13,019)	(243)	(13,184)
Gain on lease modifications, net	(1,245)	-	(1,390)	-
Property, plant and equipment written off	2,702	1,140	3,049	1,822
(Write back of)/Loss allowance on receivables, net	(5)	(1,283)	29	(746)
Impairment on property, plant and equipment, net	117	-	117	(80)

6. 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.

	The Group			
	6 Months Ended		12 Months Ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
Insurance premium paid to a related party	389	416	1,592	1,521
Purchase of goods from a related party	28	109	178	353
Purchase of motor vehicles and service from related parties	6	5	234	8
Rental income	-	89	59	178
Consultancy services	54	108	162	216
Advisory fee paid to a Director	-	250	43	491

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 Group			
	6 Months Ended		12 Months Ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
Current income tax expense				
- Current year	1,376	1,544	2,808	3,115
- Under/(over) provision in prior year	622	(84)	622	(85)
- Withholding tax	179	28	241	49
	2,177	1,488	3,671	3,079
Deferred income tax expense relating to origination and reversal of temporary differences				
- Current year	(191)	(91)	(191)	(91)
- Under/(over) provision in prior year	99	(282)	99	(282)
	(92)	(373)	(92)	(373)
	2,085	1,115	3,579	2,706

8. (Loss)/Earnings per share

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

	The Group			
	6 Months Ended		12 Months Ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
Net (loss)/profit attributable to owners of the Company for the financial period/year (RM '000)	(20,396)	2,759	(32,854)	(6,387)
Weighted average number of ordinary shares	295,738,187	247,114,403	295,738,187	247,114,403
Basic (loss)/earnings per share (RM sen)	(6.90)	1.12	(11.11)	(2.58)

9. Net asset value per share

	Group		Company	
	As at	As at	As at	As at
	30.9.2023 RM	30.9.2022 RM	30.9.2023 RM	30.9.2022 RM
Net asset value per ordinary share based on issued share capital at the end of the financial year	0.51	0.64	1.28	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 30 September 2023 and 30 September 2022:

	Note	Group		Company	
		As at 30.9.2023 RM'000	As at 30.9.2022 RM'000	As at 30.9.2023 RM'000	As at 30.9.2022 RM'000
Financial assets					
Trade and other receivables*		58,787	64,327	68,244	43,300
Cash and bank balances		18,328	16,760	1,520	1,259
Financial assets at amortised costs		77,115	81,087	69,764	44,559
Financial assets at FVOCI	13	7,622	9,862	7,622	9,597
Total financial assets		84,737	90,949	77,386	54,156
Financial liabilities					
Trade and other payables**		108,384	87,078	23,024	23,341
Amount due to directors		12,183	13,846	12,183	13,846
Bank borrowings	16	159,204	186,762	-	-
Lease liabilities		122,420	129,191	-	-
Financial liabilities at amortised costs, represent total financial liabilities		402,191	416,877	35,207	37,187

* 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 year ended 30 September 2023, the Group acquired and disposed of assets (included assets held for sale) amounting to RM39,550,000 (30 September 2022: RM39,732,000) and RM Nil (30 September 2022: RM104,547,000) respectively.

12. Investment property

Group	2023 RM'000	2022 RM'000
Cost		
At the beginning of the financial year	23,103	23,103
Reclassification to property, plant and equipment	(1,433)	-
At the end of the financial year	21,670	23,103
Accumulated depreciation		
At the beginning of the financial year	3,111	2,662
Depreciation for the financial year	421	449
Reclassification to property, plant and equipment	(193)	-
At the end of the financial year	3,339	3,111
Net carrying amount	18,331	19,992

12. Investment property (Continued)

12.1 Valuation

As at 30 September 2023, the fair value of the Group's investment property amounted to RM46,000,000 (2022: RM52,000,000). The leasehold land and building ("office building") is partially owner-occupied where the net carrying amount of RM18,034,000 (2022: RM17,210,000) 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 20 September 2023 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.

In the previous year, the fair value of the investment property was estimated based on management's estimation by using the direct sales comparison approach by making reference to market evidence of prices per square meter for comparable properties, management take into consideration for key attributes such as property size, tenure, location, condition and prevailing market conditions and based on highest and best use which is in line with its current use.

The resulting fair value of investment property is considered Level 3 (2022: Level 3) fair value measurement.

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

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)**.

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
2023				
Group				
Financial assets				
FVOCI investments	7,622	-	-	7,622
Company				
Financial assets				
FVOCI investments	7,622	-	-	7,622
2022				
Group				
Financial assets				
FVOCI investments	9,862	-	-	9,862
Company				
Financial assets				
FVOCI investments	9,597	-	-	9,597

14. Intangible assets

Group	Goodwill RM'000	Trademarks RM'000	Computer Software RM'000	Franchise fee RM'000	Total RM'000
Cost					
At 1 October 2022	19,059	10,398	1,970	8,692	40,119
Additions	-	-	12	2,917	2,929
Reclassification to assets held for sale	-	-	(108)	-	(108)
Disposal	-	-	(222)	-	(222)
Currency realignment	-	23	-	-	23
At 30 September 2023	19,059	10,421	1,652	11,609	42,741
Accumulated amortisation					
At 1 October 2022	-	-	1,749	2,930	4,679
Amortisation charge	-	-	74	460	534
Reclassification to assets held for sale	-	-	(97)	-	(97)
Disposal	-	-	(222)	-	(222)
At 30 September 2023	-	-	1,504	3,390	4,894
Accumulated impairment					
At 1 October 2022/ 30 September 2023	2,020	7,067	-	-	9,087
Net carrying amount					
At 30 September 2023	17,039	3,354	148	8,219	28,760
Cost					
At 1 October 2021	19,059	10,421	1,798	5,802	37,080
Additions	-	-	172	2,890	3,062
Currency realignment	-	(23)	-	-	(23)
At 30 September 2022	19,059	10,398	1,970	8,692	40,119
Accumulated amortisation					
At 1 October 2021	-	-	1,652	2,496	4,148
Amortisation charge	-	-	97	434	531
At 30 September 2022	-	-	1,749	2,930	4,679
Accumulated impairment					
At 1 October 2021/ 30 September 2022	2,020	7,067	-	-	9,087
Net carrying amount					
At 30 September 2022	17,039	3,331	221	5,762	26,353

During the financial year, the Group paid franchise fees for renewal of franchise agreement to extend the franchise period to 2030 and new stores of RM2,917,000 (2022: RM2,890,000) 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 (Continued)

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 year, management determines that there is no impairment of the goodwill or intangible assets with indefinite and finite useful lives. The management has identified CGUs in outlet basis and the recoverable amount of the CGUs is determined by estimating future cash flows generated from respective outlets.

The management has assessed that the average sales growth rate of the relevant outlets to be 34% per annum for Food Services Division.

During the previous financial year, the recoverable amount of the CGUs were 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. The key assumptions for these value-in-use calculations were those regarding the discount rates, sales growth rates and gross margins.

	Food Services	**Trading and Frozen Food**
	%	**%**
2022		
Gross margin(1)	55.98 – 69.73	20.98
Sales growth rate(2)	10.00 – 12.37	10.89
Discount rate(3)	13.66 – 16.06	13.57

(1) Average budgeted gross margin.
(2) Average revenue growth rate for:
- Food Services: 5-year period for coffee chain and 10-year period for fast food restaurant; and
- Trading and Frozen Food: 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 CGUss.

15. Assets classified as held for sale

On 10 May 2023, the Group had entered into two separate conditional sale and purchase agreements with PrimaBaguz Foods Sdn Bhd for an aggregate consideration of RM86,000,000 for the sale of the following assets:

i) 100% equity interest in Gourmessa Sdn Bhd and Assets by Pok Brothers Sdn Bhd for an aggregate consideration of RM57,000,000 (both companies are indirect subsidiaries of the Company);

Assets comprise all assets in relation to the operations of the Warehouse and Cold Storage Facility located at Pulau Indah, Selangor.

15. Assets classified as held for sale (Continued)

ii) 100% equity interest in Gourmessa Sdn Bhd and Assets by Pok Brothers Sdn Bhd for an aggregate consideration of RM57,000,000 (both companies are indirect subsidiaries of the Company);

Assets comprise all assets in relation to the operations of the Warehouse and Cold Storage Facility located at Pulau Indah, Selangor.

iii) Sale of 2 pieces of leasehold land held under Lot numbers PT 129334 and 129335 located at Pulau Indah, Selangor for an aggregate consideration of RM29,000,000.

The proposed sale of assets has been duly approved and passed by the shareholders of the Company at the Extraordinary General Meeting held on 5 October 2023. The sale of assets was then completed on 26 October 2023 with an estimated gain on disposals of RM7,581,000.

RM52,000,000 of the total sale consideration less 3% retention sum of RM870,000 for real property gain tax (“RPGT”), less such portion of bank borrowings associated with the sale assets was paid on the completion date on 26 October 2023. The remaining balance of RM34,000,000 will be received on the date falling 18 months from the date of completion (deferred payment).

Accordingly, the following non-current assets in relation to Proposed Disposals were reclassified as assets held for sale in the consolidated statement of financial position during the financial year:

Group	**As at 30.9.2023 RM’000**
Property, plant and equipment	73,691
Intangible assets	11
	73,702

16. Bank borrowings

Group	**As at 30.9.2023**	**As at 30.9.2022**
Secured:	**RM’000**	**RM’000**
Amount repayable within one year or on demand		
Bank borrowings	109,108	84,946
Lease liabilities (finance lease)	6,682	6,194
	115,790	91,140
Amount repayable after one year		
Bank borrowings	50,096	101,816
Lease liabilities (finance lease)	8,253	13,675
	58,349	115,491
Total	**174,139**	**206,631**

Long term borrowings of RM37,562,000 that are related to the assets held for sale were reclassified to short term borrowings in current liabilities and were repaid upon sale completion on 26 October 2023.

The Group’s bank borrowings as at 30 September 2023 are secured against the following:

- Pledge of certain leasehold land, freehold land and buildings and investment property;
- Pledge of fixed deposit of subsidiaries;
- Debenture comprising fixed and floating charge over all future and present assets of a subsidiary; 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.

16. Bank borrowings (Continued)

Breach of subsidiaries's financial covenants

Subsidiaries of the Group have not complied with the financial covenants in relation to the maintenance of positive tangible net worth and a gearing ratio of less than 5 times as at 30 September 2023.

Due to the non-compliance of the financial covenants, the banks are contractually entitled to request immediate repayment of the outstanding amount. Accordingly, the total non-current bank borrowings of RM6,744,000 (30 September 2022: RM11,754,000) million have been reclassified to current liabilities.

The Group is still in discussion with the banks and there is no indication that the banks will request for early repayment of the outstanding amount as of the date when these financial statements were approved by the Directors.

17. Share capital and treasury shares

	30.9.2023			30.9.2022		
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 of the financial year	247,356,403	68,511	177,865	247,356,403	68,511	177,865
Addition during the financial year	57,066,950	9,131	30,274	-	-	-
At end of the financial year	304,423,353	77,642	208,139	247,356,403	68,511	177,865
Treasury shares						
At beginning of the financial year	242,000	76	183	242,000	76	183

During the financial year, the Group raised S$9,131,000 (approximately RM30,274,000) from the allotment and issue of 57,066,950 new ordinary shares in the capital of the Company pursuant to the exercise of 57,066,950 warrants at the exercise price of S$0.16 per share.

As at 30 September 2023, the total number of issued shares excluding treasury shares of the Company was 304,181,353 shares (30 September 2022: 247,114,403 shares).

18. Utilisation of proceeds from warrants exercise

On 25 November 2022, the Group raised S$9,131,000 (approximately RM30,274,000) from the allotment and issue of 57,066,950 new ordinary shares in the capital of the Company pursuant to the exercise of 57,066,950 warrants at the exercise price of S$0.16 per share. As at 27 November 2023, the utilisation of proceeds from warrant exercise was as follow:

	RM'000
Repayment of bank borrowings	1,362
Repayment of amount due to directors	8,624
Expansion of existing businesses	1,000
Capital expenditure	419
Working capital	
- Trade and non-trade suppliers	12,627
- Rental	923
- Directors' fee	1,064
- Staff costs	1,703
- Consultancy fee	835
- Other operating expenses	1,456
Total	30,013

The unutilised amount of the warrant proceeds was RM100,000 as at 27 November 2023.

19. Subsequent events

The Group has no other significant event subsequent to 30 September 2023 except for the completion of the proposed disposals on 26 October 2023 as disclosed in Note E.15.

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 30 September 2023 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 and full year 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) Dairies Division – manufacturing and distribution of condensed and evaporated milk; and
d) Food Processing Division – butchery.

Review on Consolidated Statement of Comprehensive Income

Six months ended 30 September 2023

The Group posted a 3.3% growth in revenue to RM286.0 million from RM276.9 million in the previous corresponding period, driven by the improved performance from the Food Services and Dairies Divisions, partially offset by underperformance of Trading and Frozen Food Divison.

The Food Services Division's revenue increased by 7.0% to RM156.5 million from RM146.3 million, largely contributed from Texas Chicken restaurants in Malaysia. Texas Chicken's revenue was up by 10.0% from RM126.5 million to RM139.2 million as a result of new store openings. This was offset by underperformance from San Francisco Coffee chains which saw the topline declined by 12.6% from RM19.8 million to RM17.3 million, dragged down by closure of high-performance Seremban Gateway store due to expiry of lease term, coupled with heightened competition within the coffee retail industry.

Number of stores of each business are as follows:

	As at 30.9.2023	As at 30.9.2022
Texas Chicken Malaysia	92	88
San Francisco Coffee	49	49

Revenue of the Trading and Frozen Food Division fell 17.3% to RM66.1 million from RM79.9 million largely due to slower sales momentum from restaurant and hotel sectors as a result of competitive pricing and lesser tourism arrivals, coupled with the termination of sales to Subway following the proposed disposal of the butchery business.

Dairies Division's revenue jumped 25.0% to RM63.4 million from RM50.7 million, backed by strong demand from local and export markets as well as increase in selling price.

Food Processing Division generated a small revenue of RM0.01 million from its butchery business. No revenue for the previous corresponding period due to cessation of bakery business.

Gross profit margin has increased by 2.0% to 38.9%, largely contributed from the Dairies Division due to higher production volume and increase in selling price. This was partially offset by reduction in margin from other divisions due to elevated costs in raw materials and operating expenses, including weakening of ringgit against US dollar.

Other operating income of RM2.8 million comprised mainly of gain on lease modifications, scrap sales and rental income of RM1.2 million, RM0.7 million and RM0.6 million, respectively. In the previous financial period, other operating income of RM19.6 million comprised mainly the one-time gain on disposal of land, payroll subsidies from the government and others of RM12.8 million, RM2.4 million and RM4.4 million, respectively

Overall, operating expenses increased by 12.8% from RM109.0 million to RM122.9 million primarily attributable to the higher selling and marketing expenses of RM12.9 million due to the followings:

i) Opening of new Texas Chicken restaurants;
ii) Increase in labour costs following the amendment to the Employment Act to increased minimum wage, higher overtime costs and increase in number of foreign workers;
iii) Higher rental mainly due to new opening outlets, renewal of certain leases to short-term leases that are recognised as rental expense, coupled with the increase in Gross Turnover (GTO) rent percentage in tandem with higher revenue; and
iv) Higher utilities charges affected by the hike in electricity tariffs and certain outlets have extended the operational hours to 24 hours.

Other operating expenses of RM4.7 million comprised of the property, plant and equipment written off for the closed outlets and foreign currency fluctuation loss of RM2.7 million and RM1.9 million, respectively. In the previous financial period, the property, plant and equipment written off for closured outlets and foreign currency fluctuation losses were RM1.1 million and RM2.5 million, respectively.

Finance costs increased 5.6% from RM9.0 million to RM9.5 million primarily due to higher tradeline facilities and lease liabilities.

Income tax charge of RM2.1 million is on profit generated by a subsidiary due to none availability of group relief.

Consequently, the Group posted a loss after tax of RM20.4 million compared with profit after tax of RM2.8 million in the previous corresponding period.

Full Year ended 30 September 2023

For full year ended 30 September 2023, the Group’s revenue surged 9.8% to RM566.1 million from RM515.6 million in the previous financial year, supported by better performance from the Food Services and Dairies Divisions, which were offset against the underperformance of Trading and Frozen Food Division and the cessation of bakery business under the Food Processing Division in February 2022.

The Food Services Division’s revenue climbed 12.4% to RM307.4 million from RM273.5 million, largely contributed from Texas Chicken restaurants in Malaysia. Texas Chicken’s revenue increased 14.4% to RM270.4 million from RM236.4 million, primarily assisted by additional four stores contributions and comparable stores sales growth of 3.7%. San Francisco Coffee chains’ topline was flat at RM37.0 million due to heightened competition within the coffee retail industry.

Trading and Frozen Food Division registered a slight decrease in revenue of 0.6% to RM148.7 million from RM149.6 million, dragged down by slower sales momentum from hotel and restaurant sectors due to competitive pricing and lesser tourism arrivals. This was further impacted by the termination of sales to Subway following the proposed disposal of Gourmessa business.

Revenue of the Dairies Division grew 38.9% to RM109.9 million from RM79.1 million, supported by strong demand from local and export markets and increase in selling price.

Food Processing Division’s reported a small revenue of RM0.01 million from its butchery business. No revenue recorded from its bakery business due to cessation of the operation in February 2022 compared with the revenue generated in the previous financial year of RM13.5 mil.

Gross profit margin has improved by 1.6% to 38.9%, mainly contributed from the Dairies Division on higher production volume and increase in selling price. This was partially offset by reduction in margin from other divisions due to elevated costs in raw materials and operating expenses, including weakening of ringgit against US dollar.

Other operating income of RM5.9 million comprised of gain on lease modifications, scrap sales, rental income and others of RM1.4 million, RM1.3 million, RM1.3 million and RM1.9 million, respectively. In the previous financial year, Other operating income of RM31.0 million comprised of one-time gain on disposal of land, payroll subsidies from the government and others of RM16.6 million, RM5.6 million and RM8.8 million, respectively.

Overall, operating expenses increased by 14.4% from RM206.6 million to RM236.3 million primarily attributable to the higher selling and marketing expenses of RM29.8 million due largely to the followings:

i) Opening of new Texas Chicken restaurants;

ii) Increase in labor costs following the amendment to the Employment Act to increased minimum wage, higher overtime costs and increase in number of foreign workers;
iii) Higher rental mainly due to new opening outlets, renewal of certain leases to short-term leases that are recognised as rental expense, coupled with the increase in Gross Turnover (GTO) rent percentage in tandem with higher revenue;
iv) Higher utilities charges affected by the hike in electricity tariffs and certain outlets have extended the operational hours to 24 hours; and
v) Lower rental rebates from the landlord that benefited the Group in the previous corresponding period.

Other operating expenses of RM3.6 million comprised mainly the property, plant and equipment written off for the closed outlets of RM3.0 million. In the previous financial year, other operating expenses of RM5.6 million comprised mainly the foreign currency fluctuation losses due to weaker ringgit and property, plant and equipment written off due to closure/temporarily closure of outlets of RM3.6 million and RM1.8 million, respectively.

Finance costs decreased 6.2% from RM20.3 million to RM19.0 million primarily due to lower bank borrowings.

Income tax charge of RM3.6 million is on profit generated by a subsidiary due to none availability of group relief.

Consequently, the Group recorded a loss after tax of RM32.9 million compared with RM6.4 million in the previous corresponding year.

Review on Statements of Financial Position

Non-current assets decreased by RM79.5 million primarily owing to the reclassification of RM73.7 million property, plant and equipment in relation to the proposed disposal of assets to current assets classified as held for sale, coupled with the depreciation on property, plant and equipment and fair value loss on investment.

Current assets (excluding non-current assets held for sale) decreased by RM12.8 million mainly due to reduction in trade and other receivables of RM18.2 million following the receipt of balance sum of RM11.1 million from the disposal of land. These were partially offset by increase in inventories of RM3.8 million due to higher sales volume, as well as increase in cash and bank balances of RM1.6 million.

Current liabilities increased by RM35.9 million mainly due to increase in bank borrowings of RM24.2 million, resulting from reclassification of RM37.6 million long-term borrowings that were related to the assets held for sale to current liabilities, partly offset by the repayment of bank borrowings. Trade and other payables have also increased by RM21.2 million driven by higher purchases and capital expenditure for new outlets. However, these increases were partly offset by the reclassification of RM9.0 million of director advances to non-current liabilities in accordance with the term of repayment in the Circular dated 13 September 2023, where the repayment of advances is falling on 18 months from the sale completion date of the proposed disposals.

Non-current liabilities decreased by RM50.1 million mainly due to the reclassification of long-term bank borrowings that are related to the proposed disposal of assets to current liabilities as well as the repayment of bank borrowings and lease liabilities. This was partially offset by amount due to a director of RM9.0 million that was reclassified from the current liabilities.

The Group has a negative working capital of RM48.8 million as at 30 September 2023. Due to the non-compliance of the financial covenant by a subsidiary in relation to the maintenance of positive tangible net worth as at 30 September 2023, certain long-term bank borrowings of RM6.7 million have been reclassified to current liabilities. The Group is still in discussion with the banks and there is no indication that the banks will request for early repayment of the outstanding amount as of the date when these financial statements were approved by the Directors. Excluding these long-term borrowings that were reclassified to current liabilities, the Group's negative working capital would be RM42.1 million.

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;

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

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

(d) The Group is actively engaging with its bankers, to extend or restructure the existing credit terms. During the financial year, the Group has obtained the new financing of RM17.7 million which will be drawdown in financial year 2024. In addition, it is also seeking additional RM36.0 million secured term loan from its banker;

(e) Proposed monetisation of non-core and non-profitable assets of the Group. On 26 October 2023, the Group has completed the sale of loss-making butchery business and assets as disclosed in Note E.15 above. The Group will utilise the net proceeds from the disposals for repayment of bank borrowings and working capital requirements. The Group will continue to monetise certain of its other non-core assets when the opportunity arises; and

(f) As and when required, the Executive Chairman has been funding any urgent shortfall in the working capital of the Group. As at 30 September 2023, the amount due to Executive Chairman was RM12,183,000.

<u>Review on Consolidated Statement of Cash Flows</u>

As at 30 September 2023, the Group's cash and cash equivalents stood at RM15.7 million, an increase of RM0.8 million from RM14.9 million recorded in the previous financial year.

The Group generated a net cash from operating activities of RM45.4 million principally from the operating profit and increase in trade and other payables of RM37.2 million and RM22.0 million respectively. These were reduced by increase in inventories, trade and other receivables, interest and income tax paid of RM3.8 million, RM4.2 million and RM5.7 million, respectively.

Proceeds from warrant exercise together with the balance sum received from disposal of land raised a total amount of RM41.4 million, which were largely utilised for repayment of bank borrowings, lease obligations and interest payment, as well as capital expenditure for the new stores. Consequently, total net cash used in investing activities and financing activities amounted to RM4.5 million and RM40.2 million, respectively.

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.

During the financial year, the Group raised S$9,131,000 (approximately RM30,274,000) from the allotment and issue of 57,066,950 new ordinary shares in the capital of the Company pursuant to the exercise of 57,066,950 warrants at the exercise price of S$0.16 per share as disclosed in Note E.17.

The number of treasury shares held by the Company as at 30 September 2023 constituted 0.1% (30 September 2022: 0.1%) of the total number of ordinary share outstanding.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2023.

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 30 September 2023, the total number of issued shares excluding treasury shares of the Company was 304,181,353 shares (30 September 2022: 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 30 September 2023.

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 2022.

The Group has adopted the relevant new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") effective beginning from 1 October 2022. 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

The domestic economy will continue to recover, albeit facing challenges from the impact of Russia-Ukraine and Islael-Palestine conflicts, coupled with the depreciation of ringgit against major currencies of the world. However, the inflationary environment and interest hike may dampen consumer spending.

The Group will continue to face challenging business environment and experience margin pressure from higher input costs, other operating costs will be impacted by higher labour costs and subdue consumer sentiment.

a) Food Services Division

<u>Texas Chicken restaurants</u>

Texas Chicken continues to expand with opening new outlets. It has opened seven new outlets and closure of three underperforming outlets during the FY2023, bringing a total number of 92 outlets for the whole Malaysia. It is looking to open another eight outlets and closure of six underperforming outlets in the FY2024.

Poultry products showed a slight decrease in price as the supply situation improved and falling in animal feed costs. However, the recent budget 2024 announced that temporary removal price ceiling on chicken and eggs which may result in higher price in near future. Texas will focus on one supplier to build up volume for higher rebates and negotiating for better prices.

To cushion the margin compression, the management has implemented some sales strategies and has taken a proactive cost reduction exercise, including improve operational efficiency in labour cost. The sales strategies include the opening of additional ten 24 hours stores and ten breakfast stores, increase price and menu optimisation, marketing campaigns to boost sales and digital implementation.

To stay competitive in the market, Texas Chicken will continue to drive and vary its value platform as a means to complement more profitable Limited Time Offer menu innovations. In addition, effective marketing campaigns such as all-day value offerings, special day, weekday, and daypart-specific offers will be curated to further optimise sales during low peak period. Furthermore, Texas Chicken is exploring a functional App that would enable not just loyalty programs but the ability to order ahead for pick-up as well.

San Francisco Coffee chains

In the highly competitive coffee industry, San Francisco Coffee continues to navigate a dynamic landscape marked by evolving consumer preferences and global market trends. Over the past year, one prominent trend that has gained momentum is the increasing demand for sustainable and ethically sourced coffee beans. This trend aligns seamlessly with San Francisco Coffee long-standing commitment to ethical sourcing and environmental responsibility.

Looking ahead, San Francisco Coffee remains committed to staying at the forefront of industry trends and maintaining a competitive edge by continuously delivering high-quality coffee, embracing sustainability, and providing an exceptional customer experience. Our market analysis and consumer insights guide our product development, store expansion, and sustainability initiatives to ensure San Franciso Coffee remains a preferred destination for coffee lovers nationwide.

San Francisco Coffee performance remains challenging with increasing cost of ingredients, rising overheads liker rent and labor, and the inherent advantage of large chains in negotiating favorable supply prices. This makes it difficult for smaller players to compete with larger chains, which have economies of scale and can negotiate better prices for ingredients and other supplies.

There has been a global increase in coffee prices since September 2022, resulting in price increases among our competitors. This trend is expected to continue throughout the year, affecting not only coffee prices but also the prices of pastries and other materials. However, San Francisco Coffee will mitigate these effects by implementing price increases on all products (average of 5% price increase, twice a year), engaging multiple suppliers, managing manpower efficiently, and hedging supplies.

The Malaysian coffee retail chain industry is highly competitive, with several major players dominating the market like Starbucks, The Coffee Bean & Tea Leaf and Zus Coffee. Particularly Zus Coffee, has further intensified this landscape and has expanded nationwide with target to reach 330 stores by end of 2023. Their key to success primarily lies in their remarkably competitive pricing for coffee products when compared to traditional commercial coffee providers. Moreover, their omnipresence, with outlets conveniently accessible across the nation, allows customers the choice between in-store dining and utilising their user-friendly delivery app, replete with an array of promotions such as buy-one-get-one-free deals, free vouchers, complimentary coffee shots, and more.

To succeed in this market, San Francisco Coffee needs to stay agile and adapt to the changing landscape, while maintaining a strong brand and unique value proposition that sets them apart from the competition. San Francisco Coffee is contemplating the expansion of its product portfolio, including the introduction of instant coffee and capsule options, in response to the growing market demand, as well as enhancing the operations team's focus on customer service, encompassing aspects such as customer feedback, response times to customer inquiries, and staff interactions with customers.

San Francisco Coffee currently operates 49 stores and plans to have a total of 60 stores in the FY2024. It will continue to develop and streamline its products while making necessary adjustments to its pricing structure to ensure competitiveness in the market.

b) Trading and Frozen Food Division

Pok Brothers is expected to maintain its revenue growth momentum in the FY2024 in anticipation of increasing tourism arrivals and regional travel.

The Division will continue to grow the E-commerce sales with captivating on digital marketing to increase traffic flow to its Easy Store platform, coupled with the implementation of loyalty programme to stimulate consumer spending.

The importation of frozen turkeys into Malaysia is still not allowed by the Malaysian Department of Veterinary Services. As an alternative, the Division would be offering bigger size chicken for the coming Christmas menu and continue to feature the traditional mushroom and chestnut stuffings to compliment the chicken offerings.

Inflationary pressure and unfavourable currency movement will continue increase the input costs, Pok Brothers has slowly increased prices for certain products to mitigate the margin compression.

c) Dairies Division

Dairies business continues face intensified margin pressure due to higher input costs and operating expenses. The palm oils and milk powder are seen to be stable in this quarter and expected to soften slightly, except for sugar prices which have seen substantial increases from RM3,000 per tonne to RM3,900 per tonne (+30%) for the last three months. Increased in sugar price is likely to further compress the profit margin. To mitigate the impact, Dairies will try to source for alternative suppliers with better price.

Market selling price have levelled off since the last price increase effective in November 2022. All the competitor's pricing has been consistent in the last few months. Dairies has to maintain its selling price to stay competitive in the market. It will review and adjust its selling price accordingly as needed to align with the market.

Dairies products entered into major hypermarket chains such as AEON Big and Lotus, and it has added Giant and Econsave chains to the customer list. This has brought positive brand awareness for the "SuJohan" brand in the market place.

d) Food Processing Division – Butchery

On 26 October 2023, the Group has completed the sale of Gourmessa shares (butchery business) for a total consideration of RM33.8 million. The disposal represents a good opportunity for the Group to divest a loss-making business, pared down debts and redirect resources to other group companies.

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 year ended 30 September 2023 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, Dairies and Food Processing (butchery) Divisions.

For the six months ended 30 September 2023, the Food Services Division contributed 54.7% of the revenue, followed by the Trading and Frozen Food and Dairies Divisions of 23.1% and 22.2% respectively. For the full year ended 30 September 2023, the Food Services Division contributed 54.3% of the revenue, followed by the Trading and Frozen Food and Dairies Divisions of 26.3% and 19.4% respectively.

Food Services Division

Six months ended 30 September 2023

Revenue rose 7.0% to RM156.5 million from RM146.3 million, largely contributed from Texas Chicken restaurants in Malaysia. Texas Chicken's revenue surged by 10.0% from RM126.5 million to RM139.2 million, backed by new store openings. This was offset by underperformance from San Francisco Coffee chains with topline fell 12.6% to RM17.3 million from RM19.8 million, driven by closure of high-performance Seremban Gateway store due to expiry of lease term, coupled with heightened competition within the coffee retail industry

The division reported a loss before tax of RM13.9 million from loss before tax of RM4.6 million in the previous corresponding period amid margin compression, resulting from elevated raw material costs, higher labour costs on minimum wage impact, overtime and increased foreign workers. This was further impacted by higher operating costs on aggressive expansion, increased electricity tariff, property, plant and equipment written off for the closed outlets, as well as the absence of payroll subsidies from the government in the previous corresponding period.

Full year ended 30 September 2023

Revenue climbed 12.4% to RM307.4 million from RM273.5 million, largely contributed from Texas Chicken restaurants in Malaysia. Texas Chicken's revenue increased 14.4% to RM270.4 million from RM236.4 million, assisted by additional four new store contributions and comparable stores sales growth of 3.7%. San Francisco Coffee chains' topline was flat at RM37.0 million due to the heightened competition within the coffee retail industry.

The Division expanded its loss before tax to RM24.6 million compared with loss before tax of RM3.9 million in the previous financial year, primarily attributed to higher raw material and labour costs, increased utilities charges and rental, property, plant and equipment written off for the closed outlets, as well as absence of payroll subsidies from the government and rental rebates given by the landlords.

Segment assets decreased by RM10.6 million or 4.5% to RM223.4 million from RM234.0 million, largely due to depreciation, property, plant and equipment written-off for the closed outlets and reversal of right-of-use assets due to termination of leases.

Segment liabilities increased by RM5.8 million or 2.7% to RM220.2 million from RM214.4 million, mainly due to increase in trade and other payables on higher purchases/operating expenses and capital expenditure for business expansion, partly offset by lower bank borrowings and lease liabilities.

Trading and Frozen Food Division

Six months ended 30 September 2023

Revenue slipped 17.3% to RM66.1 million from RM79.9 million amid slower sales momentum from restaurant and hotel sectors as a result of competitive pricing and lesser tourism arrivals, coupled with the termination of sales to Subway following the proposed disposal of butchery business. As a result, the profit before tax dropped to RM6.5 million compared to profit before tax of RM7.7 million in the previous corresponding period.

Full year ended 30 September 2023

Revenue decreased slightly by 0.6% to RM148.7 million from RM149.6 million, dragged down by slower sales momentum from hotel and restaurant sectors due to competitive pricing and lesser tourism arrivals, coupled with the termination of sales to Subway following the proposed disposal of butchery business. As a result, the Division posted a lower profit before tax of RM13.0 million compared to profit before tax of RM13.8 million in the previous financial year.

Segment assets decreased by RM11.0 million or 9.6% to RM103.7 million from RM114.7 million mainly due to decrease in inventories and trade and other receivables on lower sales. Segment liabilities reported at RM29.6 million compared with RM47.4 million in the previous financial year, decreased by RM17.8 million or 37.6% due largely to reduction in tradeline utilisation and repayment of bank borrowings.

Dairies Division

Six months ended 30 September 2023

Revenue rose 25.0% to RM63.4 million from RM50.7 million, backed by strong demand from local and export markets as well as increase in selling price. As a result, loss before tax had narrowed to RM1.3 million compared with RM3.4 million in the previous corresponding period.

Full year ended 30 September 2023

Revenue improved 38.9% to RM109.9 million from RM79.1 million, supported by strong demand from local and export markets and increase in selling price. Consequently, loss before tax had narrowed to RM3.3 million compared with RM10.7 million posted in the previous financial year.

Segment assets increased RM18.6 million or 17.5% to RM124.7 million from RM106.1 million mainly attributed to increase in inventories and trade receivables on higher sales volume. The segment liabilities increased RM5.4 million or 6.2% to RM93.1 million from RM87.7 million was largely due to increase in trade payables and tradeline utilisation on higher purchases.

Food Processing Division

Six months ended 30 September 2023

Butchery business generated a small revenue of RM0.01 million. There was no revenue recorded in the previous corresponding period due to cessation of bakery business in February 2022. The Division posted a loss before tax of RM1.7 million compared with RM1.0 million in the previous corresponding period.

Full year ended 30 September 2023

Butchery business posted a small revenue of RM0.01 million compared with revenue of RM13.5 million from bakery business which has ceased operation in February 2022. Consequently, the Division's loss before tax had narrowed to RM2.4 million compared with RM5.2 million in the previous financial year.

Segment assets decreased by RM4.1 million or 9.7% to RM38.2 million from RM42.3 million mainly attributed to the depreciation of property, plant and equipment. The segment liabilities reduced by RM4.4 million or 11.4% to RM34.1 million from RM38.5 million largely due to lower bank borrowings.

11. 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.

12 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' Jaya J B Tan	76	Father of Mr Tan San Ming, Alternate Director to Dato' Jaya J B Tan and Chief Operating Officer.	Executive Chairman with effect from 3 November 2020.	-
Richard Lee Keng Chian	55	Husband of Ms Kwan Hoi Chee, Deborah Connie, Alternate Director to Mr Richard Lee Keng Chian and Chief Improvement Officer and substantial shareholder of the Company.	Executive Director and Chief Executive Officer with effect from 1 August 2023.	Appointed as Executive Director and Chief Executive Officer with effect from 1 August 2023.
Tan San Ming	40	Son of Dato' Jaya J B Tan, Executive Chairman and substantial shareholder of the Company.	Alternate Director to Dato' Jaya J B Tan and Chief Operating Officer with effect from 1 August 2023.	Appointed as Alternate Director to Dato' Jaya J B Tan and Chief Operating Officer with effect from 1 August 2023.
Kwan Hoi Chee, Deborah Connie	56	Wife of Mr Richard Lee Keng Chian, Executive Director and Chief Executive Officer and substantial shareholder of the Company.	Alternate Director to Mr Richard Lee Keng Chian with effect from 1 August 2023 and Chief Improvement Officer with effect from 18 September 2023.	Appointed as Alternate Director to Mr Richard Lee Keng Chian with effect from 1 August 2023 and Chief Improvement Officer with effect from 18 September 2023.

By Order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' JAYA J B TAN
Executive Chairman

27 November 2023