ENVICTUS

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

(Company Registration No: 200313131Z)

UNAUDITED FULL YEAR RESULTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

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

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

	2019 RM'000	2018 RM'000	Change %
Revenue	462,536	422,605	9.4
Cost of goods sold	(283,392)	(267,595)	5.9
Gross profit	179,144	155,010	15.6
Other operating income	17,021	17,665	(3.6)
Operating expenses			
Administrative expenses	(50,411)	(48,540)	3.9
Selling and marketing expenses	(134,448)	(113,733)	18.2
Warehouse and distribution expenses	(28,022)	(26,970)	3.9
Research and development expenses	(713)	(829)	(14.0)
Loss allowance on receivables, net	(169)	(523)	(67.7)
Other operating expenses	(10,164)	(1,846)	>100
	(223,927)	(192,441)	16.4
Loss before interest and tax	**(27,762)**	**(19,766)**	**40.5**
Finance costs	(6,683)	(5,666)	17.9
Loss before income tax	**(34,445)**	**(25,432)**	**35.4**
Income tax expense	(2,406)	(2,434)	(1.2)
Loss for the financial year	**(36,851)**	**(27,866)**	**32.2**

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

	2019 RM'000	2018 RM'000	Change %
Loss for the year	**(36,851)**	**(27,866)**	**32.2**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(293)	(8,577)	(96.6)
Net fair value loss on available-for-sale assets	-	(88)	N/A
	(37,144)	(36,531)	1.7
Items that will not be reclassified subsequently to profit or loss:			
Net fair value loss on financial assets at FVOCI	(70)	-	>100
Total comprehensive income for the year	**(37,214)**	**(36,531)**	**(1.9)**
Loss attributable to:			
Owners of the Company	(35,455)	(26,408)	34.3
Non-controlling interests	(1,396)	(1,458)	(4.3)
	(36,851)	**(27,866)**	**32.2**
Total comprehensive income attributable to:			
Owners of the Company	(35,729)	(36,075)	(1.0)
Non-controlling interests	(1,485)	(456)	>100
	(37,214)	**(36,531)**	**1.9**

1(a) (ii) Loss for the financial year is arrived at after charging/(crediting) the following :

	2019 RM'000	2018 RM'000	Change %
Loss allowance on receivables, net	169	523	(67.7)
Allowance for write down of inventories	-	316	N/A
Amortisation of intangible assets	712	487	46.2
Depreciation of property, plant and equipment	26,185	26,232	(0.2)
Depreciation of investment properties	482	511	(5.7)
Dividend income	(1)	(156)	(99.4)
Fair value loss on held-for-trading investments, net	-	450	N/A
Foreign currency exchange loss/(gain), net	742	(4,080)	>100
Loss on disposal of held-for-trading investments	-	1	N/A
Gain on disposal of investment property	-	(2,812)	N/A
Gain on disposal of property, plant and equipment	(1,323)	(4,818)	(72.5)
Gain on disposal of subsidiaries	(10,501)	(1,837)	>100
Finance costs	6,683	5,666	17.9
Interest income	(446)	(701)	(36.4)
Inventories written off	-	566	N/A
Intangible assets written off	28	-	100
Property, plant and equipment written off	1,065	1,060	0.5
Impairment loss of intangible assets	7,247	-	100
Impairment loss of property, plant and equipment	161	-	100
Reversal of allowance for write down of inventories	(135)	(259)	(47.9)

1(b) (i) Statements of Financial Position

	Group			Company		
	As at 30.9.2019 RM'000	As at 30.9.2018 RM'000	As at 1.10.2017 RM'000	As at 30.9.2019 RM'000	As at 30.9.2018 RM'000	As at 1.10.2017 RM'000
Non-current assets						
Property, plant and equipment	383,044	317,354	256,871	-	-	-
Investment properties	22,882	23,364	27,563	-	-	-
Investments in subsidiaries	-	-	-	231,760	293,429	90,351
Available-for-sale financial assets	-	154	242	-	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	7,676	-	-	7,517	-	-
Deferred tax assets	711	1,083	721	-	-	-
Intangible assets	27,525	34,853	32,842	-	-	-
Deposits for purchase of plant and equipment	31,152	4,566	-	-	-	-
Total non-current assets	472,990	381,374	318,239	239,277	293,429	90,351
Current assets						
Inventories	45,622	40,523	44,644	-	-	-
Trade and other receivables	54,381	59,351	59,252	143,799	85,397	279,541
Tax recoverable	846	1,506	573	-	-	-
Held-for-trading investments	-	-	23,413	-	-	23,413
Fixed deposits	1,167	553	14,225	-	-	-
Cash and bank balances	22,690	35,554	35,664	458	5,600	5,175
	124,706	137,487	177,771	144,257	90,997	308,129
Assets classified as held for sale	9,024	-	-	-	-	-
Total current assets	133,730	137,487	177,771	144,257	90,997	308,129
Current liabilities						
Trade and other payables	77,848	67,641	47,748	2,094	2,420	1,518
Provision for restoration costs	1,378	1,401	109	-	-	-
Bank borrowings	41,487	46,799	42,807	-	19,182	8,746
Finance lease payables	9,830	9,387	7,316	-	-	-
Current income tax payable	173	234	178	-	158	162
Total current liabilities	130,716	125,462	98,158	2,094	21,760	10,426
Net current assets	3,014	12,025	79,613	142,163	69,237	297,703
Non-current liabilities						
Provision for restoration costs	2,735	1,884	1,353	-	-	-
Bank borrowings	146,259	79,562	72,411	-	-	-
Finance lease payables	18,804	21,902	16,538	-	-	-
Financial guarantee contracts	-	-	-	5,359	3,738	3,522
Deferred tax liabilities	4,661	5,181	2,270	-	-	-
Employee benefit liability	-	74	-	-	-	-
Total non-current liabilities	172,459	108,603	92,572	5,359	3,738	3,522
Net assets	**303,545**	**284,796**	**305,280**	**376,081**	**358,928**	**384,532**
Capital and reserves						
Share capital	177,865	127,453	111,406	177,865	127,453	111,406
Treasury shares	(183)	(183)	(183)	(183)	(183)	(183)
Foreign currency translation reserve	22,775	23,821	33,400	41,084	41,250	51,424
Fair value reserve	(24,619)	(95)	(7)	(24,529)	-	-
Share options reserve	-	-	9,507	-	-	9,507
Other reserves	(17,085)	(4,562)	(4,562)	-	-	-
Accumulated profits	144,792	148,393	165,294	181,844	190,408	212,378
Equity attributable to the owners of the Company	**303,545**	**294,827**	**314,855**	**376,081**	**358,928**	**384,532**
Non-controlling interests	-	(10,031)	(9,575)	-	-	-
Total equity	**303,545**	**284,796**	**305,280**	**376,081**	**358,928**	**384,532**

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

	Secured As at 30.9.2019 RM'000	As at 30.9.2018 RM'000	As at 1.10.2017 RM'000
Amount payable within one year			
Bank borrowings	41,487	46,799	42,807
Finance lease payables	9,830	9,387	7,316
	51,317	56,186	50,123
Amount payable after one year			
Bank borrowings	146,259	79,562	72,411
Finance lease payables	18,804	21,902	16,538
	165,063	101,464	88,949
Total	**216,380**	**157,650**	**139,072**

The Group's bank borrowings as at 30 September 2019 are secured against the following:

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

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

1(c) Consolidated Statement of Cash Flows

	2019 RM'000	2018 RM'000
Operating activities		
Loss before income tax	(34,445)	(25,432)
Adjustments for:		
Loss allowance on receivables, net	169	523
Allowance for write down of inventories	-	316
Amortisation of intangible assets	712	487
Depreciation of property, plant and equipment	26,185	26,232
Depreciation of investment properties	482	511
Dividend income	(1)	(156)
Fair value loss on held-for-trading investments, net	-	450
Finance costs	6,683	5,666
Foreign currency exchange gain, net	(172)	(4,864)
Gain on disposal of property, plant and equipment	(1,323)	(4,818)
Gain on disposal of investment property	-	(2,812)
Loss on disposal of held-for-trading investments	-	1
Gain on disposal of subsidiaries (Note 1(c)(ii))	(10,501)	(1,837)
Impairment loss of intangible assets	7,247	-
Impairment loss of property, plant and equipment	161	-
Interest income	(446)	(701)
Intangible assets written off	28	-
Inventories written off	-	566
Property, plant and equipment written off	1,065	1,060
Reversal of allowance for write down of inventories	(135)	(259)
Operating loss before working capital changes	(4,291)	(5,067)
Working capital changes:		
Inventories	(6,431)	2,314
Trade and other receivables	(1,376)	(7,773)
Trade and other payables	18,035	17,612
Cash generated from operations	5,937	7,086
Interest paid	(1,510)	(1,125)
Income tax paid, net	(2,168)	(3,278)
Net cash generated from operating activities	**2,259**	**2,683**
Investing activities		
Acquisition of a subsidiary, net of cash acquired	-	(4,891)
Disposal of a subsidiary, net of cash disposed (Note 1(c)(ii))	17,764	723
Consideration receivable from disposal of a subsidiary (Note 1(c)(ii))	400	-
Dividend received	1	156
Interest received	446	701
Proceeds from disposal of property, plant and equipment	2,429	9,156
Proceeds from disposal of investment property	-	6,500
Proceeds from disposal of held-for-trading investments	-	22,446
Purchase of intangible assets	(1,420)	(2,602)
Purchase of property, plant and equipment	(131,245)	(46,262)
Net cash used in investing activities	**(111,625)**	**(14,073)**

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

	2019 RM'000	2018 RM'000
Financing activities		
Proceeds from Rights Issue	51,290	-
Transaction costs in respect of the Rights Issue	(878)	-
Net changes fixed deposits pledged to bank	(624)	(9)
Interest paid	(5,173)	(4,541)
Repayment of finance lease obligations	(9,539)	(8,865)
Drawdown of bank borrowings	142,085	67,997
Repayment of bank borrowings	(61,537)	(75,261)
Net cash generated from/(used in) financing activities	**115,624**	**(20,679)**
Net change in cash and cash equivalents	6,258	(32,069)
Cash and cash equivalents at the beginning of the financial year	16,372	48,873
Effect of exchange rate changes	41	(432)
Cash and cash equivalents at the end of the financial year	**22,671**	**16,372**
Cash and cash equivalents comprise the following:		
Cash and bank balances	22,690	35,554
Bank overdrafts	(19)	(19,182)
	22,671	**16,372**

1(c)(i) Reconciliation of liabilities arising from financing activities

	30.9.2018	Cash flows	Non-cash changes: Additions of property, plant and equipment	Non-cash changes: Foreign currency exchange	30.9.2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Finance lease payables	31,289	(9,539)	6,876	8	28,634
Bank borrowings (excluding bank overdrafts)	107,179	80,548	-	-	187,727
	138,468	71,009	6,876	8	216,361

	30.9.2017	Cash flows	Non-cash changes: Additions of property, plant and equipment	Non-cash changes: Disposal of a subsidiary	Non-cash changes: Foreign currency exchange	30.9.2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Finance lease payables	23,854	(8,865)	17,101	(801)	-	31,289
Bank borrowings (excluding bank overdrafts)	114,773	(7,264)	-	(94)	(236)	107,179
	138,627	(16,129)	17,101	(895)	(236)	138,468

1(c)(ii) Disposal of a subsidiary

On 31 May 2019, the Group disposed of its entire interest in Envictus Dairies NZ Limited for cash consideration of NZD7,000,000, equivalent to approximately RM18,970,000. The net proceeds after working capital adjustments was NZD6,779,000, equivalent to approximately RM18,379,000.

The effects of the disposal as at the date of disposal were:

	Carrying amount RM'000
Property, plant and equipment	11,484
Deferred tax assets	68
Inventories	1,317
Trade and other receivables	1,857
Cash and bank balances	215
Trade and other payables	(2,998)
Amount due to shareholder	(1,050)
Net assets derecognised	10,893
Less: Non-controlling interests	(3,015)
Net assets disposed of	7,878

The effects of disposal of a subsidiary on cash flows are as follows:

Consideration for the disposal of a subsidiary	18,970
Less: Working capital adjustments	(591)
Net consideration receivable	18,379
Net identifiable assets disposed (as above)	(7,878)
Gain on disposal	10,501

Net consideration receivable	18,379
Less: Cash and cash equivalents disposed	(215)
Less: Sale consideration receivable	(400)
Net cash inflow on disposal	17,764

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

Group	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Share options reserve	Other reserves	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 September 2018	127,453	(183)	23,821	(95)	-	(4,562)	148,393	294,827	(10,031)	284,796
Effect of adoption of SFRS(I) 9 (Note 5)	-	-	-	(25,296)	-	-	31,854	6,558	-	6,558
At 1 October 2018	127,453	(183)	23,821	(25,391)	-	(4,562)	180,247	301,385	(10,031)	291,354
Loss for the financial year	-	-	-	-	-	-	(35,455)	(35,455)	(1,396)	(36,851)
Other comprehensive Income:										
Exchange differences on translating foreign operations	-	-	(1,046)	842	-	-	-	(204)	(89)	(293)
Net fair value loss on financial assets at FVOCI	-	-	-	(70)	-	-	-	(70)	-	(70)
Total other comprehensive income	-	-	(1,046)	772	-	-	-	(274)	(89)	(363)
Total comprehensive income	-	-	(1,046)	772	-	-	(35,455)	(35,729)	(1,485)	(37,214)
Contributions by owners:										
Issuance of shares under the Rights Issue	51,290	-	-	-	-	-	-	51,290	-	51,290
Transaction costs in respect of the Rights Issue	(878)	-	-	-	-	-	-	(878)	-	(878)
Changes in ownership interests in a subsidiary:										
Subscription of additional shares in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	-	1,504	1,504
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(3,015)	(3,015)
Waiver of debts pursuant to the disposal of a subsidiary	-	-	-	-	-	(12,523)	-	(12,523)	13,027	504
At 30 September 2019	177,865	(183)	22,775	(24,619)	-	(17,085)	144,792	303,545	-	303,545
At 1 October 2017	111,406	(183)	33,400	(7)	9,507	(4,562)	165,294	314,855	(9,575)	305,280
Loss for the financial year	-	-	-	-	-	-	(26,408)	(26,408)	(1,458)	(27,866)
Other comprehensive Income:										
Exchange differences on translating foreign operations	-	-	(9,579)	-	-	-	-	(9,579)	1,002	(8,577)
Available-for-sale financial assets	-	-	-	(88)	-	-	-	(88)	-	(88)
Total other comprehensive income	-	-	(9,579)	(88)	-	-	-	(9,667)	1,002	(8,665)
Total comprehensive income	-	-	(9,579)	(88)	-	-	(26,408)	(36,075)	(456)	(36,531)
Contribution by owners:										
Acquisition of a subsidiary	16,047	-	-	-	-	-	-	16,047	-	16,047
Other:										
Share options lapsed	-	-	-	-	(9,507)	-	9,507	-	-	-
At 30 September 2018	127,453	(183)	23,821	(95)	-	(4,562)	148,393	294,827	(10,031)	284,796

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

Company	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
At 30 September 2018	127,453	(183)	41,250	-	-	190,408	358,928
Effect of adoption of SFRS(I) 9							
- Financial assets at FVOCI	-	-	-	(25,296)	-	32,870	7,574
- Amount due from subsidiaries	-	-	-	-	-	(727)	(727)
At 1 October 2018	127,453	(183)	41,250	(25,296)	-	222,551	365,775
Loss for the financial year	-	-	-	-	-	(40,707)	(40,707)
Other comprehensive income:							
Exchange differences on translation	-	-	(166)	842	-	-	676
Net fair value loss on financial assets at FVOCI	-	-	-	(75)	-	-	(75)
Total other comprehensive income	-	-	(166)	767	-	-	601
Total comprehensive income	-	-	(166)	767	-	(40,707)	(40,106)
Contributions by owners:							
Issuance of shares under the Rights Issue	51,290	-	-	-	-	-	51,290
Transaction costs in respect of the Rights Issue	(878)	-	-	-	-	-	(878)
At 30 September 2019	177,865	(183)	41,084	(24,529)	-	181,844	376,081
At 1 October 2017	111,406	(183)	51,424	-	9,507	212,378	384,532
Loss for the financial year	-	-	-	-	-	(31,477)	(31,477)
Other comprehensive income:							
Exchange differences on translation	-	-	(10,174)	-	-	-	(10,174)
Total comprehensive income	-	-	(10,174)	-	-	(31,477)	(41,651)
Contribution by owners:							
Acquisition of a subsidiary	16,047	-	-	-	-	-	16,047
Other:							
Share options lapsed	-	-	-	-	(9,507)	9,507	-
At 30 September 2018	127,453	(183)	41,250	-	-	190,408	358,928

1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or 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.

Share Capital	**COMPANY**		
	Number of shares	**S$'000**	**RM'000**
Issued and fully paid-up ordinary shares:			
As at 30 September 2018	142,160,499	51,968	127,453
Issuance of new shares under the Rights Issue	105,195,904	16,831	51,290
Transaction costs in respect of the Rights Issue	-	(288)	(878)
As at 30 September 2019	247,356,403	68,511	177,865

On 28 November 2018, the Company completed its renounceable non-underwritten Rights cum Warrants following the issuance and allotment of 105,195,904 new ordinary shares in the Company (the "Rights Shares") at an issue price of S$0.16 per Rights Share, together with up to 105,195,904 free detachable Warrants (the "Warrants"), on the basis of four (4) Rights Shares for every five (5) existing ordinary shares in the capital of the Company held by entitled shareholders as at books closure date on 29 October 2018, with one (1) Warrant for every one (1) Rights Share subscribed by the shareholders of the Company. The newly issued shares rank pari passu in all respect with the previously issued shares.

The Company has 105,195,904 outstanding warrants as at 30 September 2019, convertible into 105,195,904 ordinary shares of the Company.

Treasury Shares	**COMPANY**		
	Number of treasury shares	**S$'000**	**RM'000**
At 30 September 2018 and 30 September 2019	(242,000)	(76)	(183)

Share Capital	**COMPANY**		
	Number of shares	**S$'000**	**RM'000**
Issued and fully paid-up ordinary shares			
At 30 September 2017	126,385,289	46,526	111,406
Issue of share capital	15,775,210	5,442	16,047
At 30 September 2018	142,160,499	51,968	127,453

On 11 June 2018, the Company issued 15,775,210 new ordinary shares for a total consideration of RM16,047,000 at fair value of RM1.017 (S$0.345) per share as part of the consideration for the acquisition of Motivage Sdn Bhd. The newly issued shares rank pari passu in all respect with the previously issued shares.

Treasury Shares	**COMPANY**		
	Number of treasury shares	**S$'000**	**RM'000**
At 30 September 2017 and 30 September 2018	(242,000)	(76)	(183)

There were no subsidiary holdings held against the total number of shares outstanding as at 30 September 2019.

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

As at 30 September 2019, the total number of issued shares less treasury shares of the Company was 247,114,403 shares (30 September 2018: 141,918,499 shares).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2019.

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 September 2019.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in paragraph below and Note 5, 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 2018.

In accordance with the listing requirements of the Singapore Exchange, the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 October 2018 and has issued its first set of financial information under SFRS(I) for the quarter ended 31 December 2018. In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International).* The Group's opening balance sheet under SFRS(I) has been prepared as at 1 October 2017, which is the Group's date of transition to SFRS(I).

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

Adoption of SFRS(I) 9

SFRS(I) 9 *Financial Instruments* introduces new requirement for classification and measurement of financial assets and impairment of financial assets effective for annual periods beginning on or after 1 October 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held.

Trade Receivables
On the initial adoption of SFRS(I) 9 on 1 October 2018, the loss allowance on trade receivables of RM1,016,000 was adjusted against accumulated profits.

Available-for-sale financial assets
On the initial adoption of SFRS(I) 9 on 1 October 2018, available-for-sale financial assets which was previously measured at fair value through other comprehensive income ("FVOCI") was classified and measured as financial assets at fair value through other comprehensive income on 1 October 2018.

Impairment loss on equity securities of RM32,870,000 previously recognised in profit or loss was reclassified from accumulated profits to fair value reserve on 1 October 2018. Fair value gain on equity securities amounting to RM7,574,000 was recognised in fair value reserve on 1 October 2018.

Summary of financial impact arising from the adoption of SFRS(I)

	FRS39 Carrying amount as at 30.9.2018 RM'000	Reclassification RM'000	Remeasurement RM'000	SFRS(I) 9 Carrying amount on 1.10.2018 RM'000	Accumulated profits effect on 1.10.2018 RM'000	Fair value reserve effect on 1.10.2018 RM'000
Available-for-sale financial assets	154	(154)	-	-	-	-
Financial assets at FVOCI	-	154	7,574	7,728	-	7,574
Reversal of impairment loss for equity securities	-	-	-	-	32,870	(32,870)
Trade and other receivables	59,351	-	(1,016)	58,335	(1,016)	-

Reconciliation of the Group's equity reported in accordance with FRS to SFRS(I)

	1 October 2018		
	Reported under FRS RM'000	Effects of applying SFRS(I) 9 RM'000	Reported under SFRS(I) RM'000
Financial asset			
Availabe-for-sale financial assets	154	(154)	-
Financial assets at FVOCI	-	7,728	7,728
Trade and other receivables	59,351	(1,016)	58,335
Equity			
Fair value reserve	(95)	(25,296)	(25,391)
Accumulated profits	148,393	31,854	180,247

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

	Group	
	30.9.2019	30.9.2018
Net loss attributable to owners of the Company for the financial year (RM '000)	(35,455)	(26,408)
Weighted average number of ordinary shares	230,398,342	130,983,901
Loss per share (RM sen)	(15.39)	(20.16)

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

	Group		Company	
	As at 30.9.2019 RM	As at 30.9.2018 RM	As at 30.9.2019 RM	As at 30.9.2018 RM
Net asset value per ordinary share based on issued share capital at the end of the financial year	1.23	2.08	1.52	2.53

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cashflow, working capital, assets or liabilities of the group during the current financial period.

Business Segments

The Group's core business segments are as follows:

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

Performance Review

Review on Consolidated Statement of Comprehensive Income

For the financial year ended 30 September 2019, the Group registered a revenue of RM462.5 million as compared to RM422.6 million reported in the previous financial year. The increase in Group revenue of RM39.9 million or 9.4% was mainly supported by continued expansion in the Food Services and Dairies Divisions. This was however partially mitigated by contraction in revenue from the Food Processing, Nutrition and Trading and Frozen Food Divisions.

The Food Services Division's performance remained strong with revenue edging up by RM47.0 million or 27.2% to RM219.5 million from RM172.5 million, largely contributed from Texas Chicken restaurants and San Francisco Coffee chain. Texas Chicken Malaysia revenue increased substantially by RM33.4 million or 24.7% from RM135.3 million to RM168.7 million on the back of additional ten new stores as well as improvement in existing store sales due to promotional deals and riding on its increasing brand awareness. San Francisco Coffee added another nine stores to its chain resulting in the increase of revenue from RM28.9 million to RM36.2 million, representing an increase of RM7.3 million or 25.3%. Furthermore, Texas Chicken Indonesia has opened six new stores in Jakarta which contributed a revenue of RM5.6 million to the Division. However, the Group has on 1 October 2019 disposed of the loss-making Texas Chicken Indonesia stores in order to focus on its Texas Chicken operations in Malaysia.

The number of stores of each business are as follows:

	FY2019	FY2018
Texas Chicken		
- Malaysia	57	47
- Indonesia	6	-
San Francisco Coffee	54	45
Delicious restaurants	3	3

The Dairies Division which commenced business in January 2018 registered an improved revenue of RM18.8 million or 94.9% to RM38.6 million from RM19.8 million driven by higher sales volume.

The Trading and Frozen Food Division registered a slightly lower revenue of RM153.0 million as compared to RM154.8 million recorded in the last financial year, down by RM1.8 million or 1.2% amid lower sales to hotel, restaurant and retail sectors affected by weak consumer sentiment.

The Food Processing Division's revenue contracted by RM15.9 million or 32.4% to RM33.1 million from RM49.0 million. The contract packing for dairy and juice based drinks business saw a significant drop in revenue from RM22.7 million to RM9.0 million, down by RM13.7 million or 60.4% attributed to lower demand from its existing customers and disposal of the business on 31 May 2019. Furthermore, the cessation of beverages business in Q4FY2018 have also resulted a reduction of RM5.0 million in revenue. These decreases were partially mitigated by the improved performance of the frozen bakery business with revenue growth of RM8.0 million or 48.1%, from RM15.6 million to RM23.1 million driven by the growing number of local and overseas customers.

The Nutrition Division's performance remained weak with a revenue declined by RM8.2 million or 30.9% from RM26.5 million to RM18.3 million affected by more competitively priced US, Australian and New

Zealand brands. The aggressive competitor promotional programmes have also resulted in the Division losing market share.

Gross profit margin improved from 36.7% to 38.7% year-on-year was primarily due to higher sales contribution from the Food Services Division which derives better margin from its products.

Other operating income of RM17.0 million consist mainly of the one-off gain from disposal of a subsidiary of RM10.5 million, gain on disposal of property, plant and equipment of RM1.3 million and recurring rental income from corporate building of RM1.6 million. In the previous financial year, other operating income of RM17.7 million were mainly derived from the gain on disposal of property, plant and equipment of RM4.8 million, gain on disposal of investment property of RM2.8 million, foreign currency exchange gain of RM4.1 million, gain on disposal of subsidiaries of RM1.8 million and recurring rental income from corporate building of RM1.6 million.

Overall, operating expenses rose to RM223.9 million from RM192.4 million, an increase of RM31.5 million or 16.4% mainly attributable to the higher selling and marketing expenses in tandem with the expansion of Texas Chicken restaurants and San Francisco Coffee chains. However, these increases were partially offset by the savings in selling and marketing expenses from the disposed contract packing for dairy and juice based drinks business and lower spent from the Nutrition Division. Other operating expenses of RM10.2 million comprised of impairment loss on intangible assets, written off of property, plant and equipment and relocation costs of equipment amounting to RM7.2 million, RM1.1 million and RM0.7 million, respectively.

Finance costs increased by RM1.0 million or 17.9%, from RM5.7 million to RM6.7 million, mainly due to higher bank borrowings to finance the new factories, warehouse and setting up new stores.

Consequently, the Group registered a loss after tax of RM36.9 million as compared to RM27.9 million reported in the previous financial year.

Review on Statements of Financial Position

Non-current assets increased by RM91.6 million from RM381.4 million to RM473.0 million mainly due to the construction of new factories at Pulau Indah and setting-up costs for new stores. Intangible assets declined by RM7.3 million was largely due to impairment of goodwill, brands and franchise fee for certain subsidiaries. Furthermore, financial assets at fair value through other comprehensive income increased by RM7.7 million was arising from the remeasurement of fair value on equity securities upon initial adoption of SFRS(I) 9 on 1 October 2018.

Cash and bank balances decreased by RM12.9 million largely due to higher cash invested in the construction of new factories at Pulau Indah and setting-up costs for new stores. Trade and other receivables decreased by RM5.0 million which was partly offset by increase in inventories of RM5.1 million. The proposed disposal of the assets related to Texas Chicken restaurants in Indonesia amounting to RM9.0 million were accordingly reclassified as assets held for sale. These effects have resulted in the reduction of total current assets by RM3.8 million.

Current liabilities increased by RM5.3 million mainly due to higher trade and other payables of RM10.2 million in tandem with the expansion of restaurant businesses and construction of factories. This was partially offset against the lower bank borrowings of RM5.3 million mainly due to settlement of bank overdraft by utilising the proceeds from rights issue.

The Group’s non-current liabilities increased by RM63.9 million was primarily attributed to higher bank borrowings of RM66.7 million to finance the construction of new factories and setting-up new stores. This was partially offset by the reduction in finance lease liabilities of RM3.1 million.

Review on Consolidated Statement of Cash Flows

The Group’s cash and cash equivalents stood at RM22.7 million for the current financial year ended 30 September 2019, an increase of RM6.3 million from RM16.4 million recorded in the previous financial year.

Net cash generated from operating activities of RM2.3 million was attributed to the increase in trade and other payables of RM18.0 million, which was partially offset by the increase in inventories of RM6.4 million, operating loss of RM4.3 million and payment for interest and income tax of RM3.7 million.

Total cash of RM131.2 million was invested in the construction of new factories and for expansion of existing businesses, partly offset by the net proceeds received/receivable from the disposal of a subsidiary of RM18.2 million have resulted in net cash utilised in investing activities of RM111.6 million.

Financial activities registered a net inflow of RM115.6 million mainly from the drawdown of bank borrowings of RM142.1 million and net proceeds raised from the rights issue of RM50.4 million. These were partly utilised for financing the construction of new factories and expansion of existing businesses, repayment of bank borrowings of RM61.5 million, repayment of finance lease liabilities of RM9.5 million and payment of interest of RM5.2 million.

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

Not applicable.

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

a) Food Services Division

Food and beverage businesses are competitive with some competitors having launched the improved version of their products and some are offering limited time offers to feed the consumers' appetite for change. Texas Chicken has also introduced innovative products with bundled offers to sustain and increase consumers' interest and awareness of its products and brand. To remain competitive, it has added another new poultry supplier to support its growing business and to further reduce material cost with similar or better quality.

General real estate market sentiment appeared to be slow and vigilant and coupled with the growing awareness of its brand, Texas Chicken has been attracting offers from shopping malls, street shops, and drive-through restaurants at petrol stations. This has enabled Texas Chicken to secure better locations at more attractive rates.

Texas Chicken's store count reached 63 after the latest store opening at Aeon Station 18 Shopping Centre, Ipoh in November 2019. It is expected to open another five stores in the next quarter.

For San Francisco Coffee ("SF"), cost of raw materials have been consistent despite the forex fluctuations. With the aggressive expansion in recent years, SF has managed to achieve the economies of scale in cost of importing green beans which are mainly from Indonesia. SF has recently switched to a new and improved syrup after the product testing session to meet customers' expectations with a minimal cost increase. The prices of milk, local cups and lids have remained unchanged. SF is currently exploring to upgrade the takeaway packaging to paper-based or biodegradable materials as part of the company's corporate social responsibility program to be environmentally friendly.

Competition within the coffee industry has been challenging with some competitors offering attractive pricing for limited time offer menu items, co-branding effort on merchandise sales and upgrading of food display. To be more competitive, SF is targeting to streamline its food and drink menu by next quarter in conjunction with the launch of SF's mobile application. The combination of these two initiatives will enable data collection for analysis before launching an offer or campaign, competitive pricing in menu, efficient food preparation process with minimum wastages and improve sales of best seller items.

SF has a total of 54 stores as at the current quarter after the opening of the latest store at Central i-City in June 2019. It is expected to open another store in Klang Valley for the next quarter.

The foodservice market remains extremely competitive as more restaurants and cafes are offering alternatives to consumers. The online ordering in Delicious has increased in the past few months and growth is expected to continue. The food delivery services have become popular, it allows consumers to have direct access to most restaurants in Klang Valley and give transparency in terms of price. Most consumers are price-sensitive, this transparency makes it difficult for restaurants serving generic food to compete unless with better pricing as the location does not matter anymore.

Delicious restaurant is focusing on repositioning its image as a family and Muslim friendly brand that offer non-alcoholic drinks in any outlet and creation of a play area in its outlets.

b) Trading and Frozen Food Division

The Malaysian Ringgit has weakened slightly against the United States Dollar in the final quarter, resulting in a slight increase for main frozen products. To mitigate the impact, efforts were made to source from other countries to curb rising food costs.

Supply of lamb and mutton from Australia and New Zealand are expected to fall further and prices will also face upward pressure from strong demand and lower supplies. The supply of cheese and butter has improved from the previous quarter.

Overall, the frozen food market remained stagnant with competitors lowering their prices significantly. To be competitive and maintain its market share, Pok Brothers has to reduce its price accordingly.

c) Food Processing Division

(i) Bakery

There were no material changes in raw material prices in the final quarter. Overall, the local market is improving with higher sales. Deluxe is gaining its momentum by commencing supply for quick-service restaurants on the new proposed bakery products. Hearty Bake brand is now getting known to hotels, restaurants, and cafes with more new hotels acquired in all states. Hence, more sales personnel were recruited including forming a dedicated team to ensure quality service is maintained at all time.

Deluxe managed to secure an additional distributor in China for better growth and recognition of the Hearty Bake brand. In Singapore, sales for its customer is increasing with repeat monthly order and in the Philippines, Hearty Bake products have been launched in the market.

Deluxe has relocated to its new plant in Pulau Indah and major equipment has been assembled. Commissioning of machinery has commenced and is expected to complete in the next two quarters. With bigger facilities, Deluxe will experience higher operating costs in the initial periods until sales and production volume increase.

(ii) Butchery

The top line of Gourmessa has slightly improved due to the additional orders from restaurants and hotels. Gourmessa is expecting its revenue to increase further due to the upcoming festivals and school holidays with its new launching of Christmas products. Gourmessa has fulfilled the requirements from the local authorities and currently still pending their final approval to move to Pulau Indah. It is anticipated that Gourmessa will be able to move to the new plant by next quarter.

d) Nutrition Division

Dairy ingredients in the form of milk powders and highly specialised whey proteins form a significant component of the division’s costs. Most of these products are contract manufactured in Australia where an open book costing agreement is in place. The pricing updates from the contract manufacturer which reflects the most recent months’ changes show the global milk powder prices continue to increase, as such whey protein powders will follow which will drive the cost of goods up.

Major revenue comes from the NZ Grocery channel which is dominated by two key customer groups. This puts pressure on the profitability of this channel as a result of increasing margin expectations from retailers’ year on year.

The revenue from the traditional supplement channel represents a significant decline from the scale of prior years due to the consistent downward pressure on retail prices, driven by imported products and increasing retailer margin pressure. The division’s recent restructure reduced overheads across this channel, thereby improving profitability, however the significantly reduced sales resource means growth in this channel is unlikely.

New products targeting the growing mainstream health-conscious consumer in the mass market channels (Grocery and Oil) is in progress. In the increasingly mature protein market, this provides an opportunity for Horley’s success, leveraging its long nutrition heritage and expertise.

e) **Dairies Division**

The price for sweetened creamer ("SC") and evaporated creamer ("EC") are stable for the past twelve months and foresee to be steady for the next 12 months.

The competition in the dairy industry has become more intense as competitors are reducing prices arising from the benefit of lower sugar prices available to the manufacturer, for which Dairies is not able to benefit from it. Dairies continue to focus to push sales expansion in view of a new dairy manufacturing factory that will be ready by the beginning of next year. Dairies are also recruiting more sales personal to expand the market.

11 If a decision regarding dividend has been made:-

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

No.

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

Not applicable.

(ii) Previous corresponding period (RM sen)

Not applicable.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been declared/recommended for the financial year ended 30 September 2019 as the Group needs to conserve cash resources for working capital requirement.

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

Not applicable as no IPT mandate has been obtained.

14 Utilisation of proceeds from Rights cum Warrants Issue.

On 28 November 2018, the Group raised approximately S$16.5 million (after deducting expenses of S$0.3 million relating to the Rights cum Warrants Issue) or RM50.4 million from the Rights cum Warrants Issue ("the Net Proceeds"). The utilisation of the net proceeds as set out below:

Intended Use of Net Proceeds	Revised Amount Allocated # S$'000	Revised Amount Allocated RM'000	Amount Utilised (as at the date of this Announcement) RM'000	Balance Amount (as at the date of this Announcement) RM'000
Repayment of bank borrowings	6,593	19,976	19,976	-
Working capital *	4,685	14,196	14,196	-
Expansion of existing businesses	5,253	16,240	16,240	-
Total	16,531	50,412	50,412	-

* The breakdown of the amount utilised for working capital is as follow:

	RM'000
Trade suppliers	3,725
Salaries and related expenses	4,043
Other operating expenses	6,428
Total	14,196

The use of proceeds from the Rights cum Warrants Issue as disclosed above is in accordance with the intended uses as disclosed in the Offer Information Statement dated 29 October 2018.

The Company has re-allocated the unutilsed proceeds of S$0.288 million from repayment of bank borrowings (S$0.008 million) and working capital (S$0.28 million) for expansion of existing business as announced on 26 March 2019. The Company has fully utilised the net proceeds from Rights cum Warrants Issue as announced on 25 June 2019.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

SEGMENTAL RESULTS
For the year ended 30 September 2019

2019	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Nutrition RM'000	Dairies RM'000	Unallocated RM'000	Total RM'000
Revenue							
Total revenue	220,454	169,382	34,871	19,092	38,746	4,564	487,109
Intersegment revenue	(907)	(16,363)	(1,735)	(834)	(170)	(4,564)	(24,573)
Revenue from external customers	219,547	153,019	33,136	18,258	38,576	-	462,536
Results							
Segment results	(20,853)	11,338	(14,449)	(3,089)	(1,667)	512	(28,208)
Interest income	80	185	28	9	59	85	446
Finance costs	(2,152)	(1,761)	(1,192)	-	(294)	(1,284)	(6,683)
Profit/(Loss) before tax	(22,925)	9,762	(15,613)	(3,080)	(1,902)	(687)	(34,445)
Income tax	(12)	(2,190)	266	(246)	-	(224)	(2,406)
Profit/(Loss) from operations, net of tax	(22,937)	7,572	(15,347)	(3,326)	(1,902)	(911)	(36,851)
Segment assets	141,526	118,140	206,313	11,085	72,372	57,284	606,720
Segment liabilities	79,549	45,592	104,434	3,659	43,569	26,372	303,175
Other information							
Capital expenditure	33,174	7,308	51,894	120	20,245	68	112,809
Depreciation and amortisation	12,691	4,079	7,828	128	358	2,295	27,379
Loss allowance on Receivables, net	-	276	121	(247)	19	-	169
Property, plant and equipment written off	627	438	-	-	-	-	1,065
Intangible assets written off	28	-	-	-	-	-	28
Impairment loss of property, plant and equipment	101	-	60	-	-	-	161
Impairment loss of intangible assets	3,255	-	-	3,992	-	-	7,247
(Gain)/Loss on disposal of property, plant and equipment, net	11	(1,503)	147	22	-	-	(1,323)
Gain on disposal of a subsidiary	-	-	-	-	-	(10,501)	(10,501)

The following table presents financial information regarding geographical segments:

2019	Malaysia RM'000	China RM'000	Asean RM'000	New Zealand RM'000	Australia RM'000	Others RM'000	Group RM'000
Total revenue from external customers	426,650	1,526	8,800	22,921	2,440	199	462,536
Segment non-current assets	460,652	-	195	3,756	-	-	464,603

SEGMENTAL RESULTS (continued)

For the year ended 30 September 2018

2018	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Nutrition RM'000	Dairies RM'000	Unallocated RM'000	Total RM'000
Revenue							
Total revenue	172,814	167,990	52,000	27,453	19,957	10,589	450,803
Intersegment revenue	(305)	(13,177)	(3,023)	(955)	(149)	(10,589)	(28,198)
Revenue from external customers	172,509	154,813	48,977	26,498	19,808	-	422,605
Results							
Segment results	(15,602)	12,055	(6,323)	(1,263)	(1,439)	(7,895)	(20,467)
Interest income	68	234	93	8	-	298	701
Finance costs	(1,843)	(1,333)	(810)	1	(22)	(1,659)	(5,666)
Profit/(Loss) before tax	(17,377)	10,956	(7,040)	(1,254)	(1,461)	(9,256)	(25,432)
Income tax	(27)	(2,173)	205	(47)	308	(700)	(2,434)
Profit/(Loss) from operations, net of tax	(17,404)	8,783	(6,835)	(1,301)	(1,153)	(9,956)	(27,866)
Segment assets	123,779	125,063	162,770	16,216	35,497	55,536	518,861
Segment liabilities	56,808	41,225	69,486	2,348	11,771	52,427	234,065
Other information							
Capital expenditure	35,654	8,330	28,814	140	25,259	700	98,897
Depreciation and amortisation	13,878	2,319	8,567	120	96	2,250	27,230
Loss allowance on Receivables, net	(314)	645	192	-	-	-	523
Property, plant and equipment written off	299	1	117	643	-	-	1,060
Allowance for write down of inventories	-	-	316	-	-	-	316
Gain on disposal of property, plant and equipment	(105)	(11)	(4,702)	-	-	-	(4,818)
Gain on disposal of investment property	-	-	(2,812)	-	-	-	(2,812)

The following table presents financial information regarding geographical segments:

2018	Malaysia RM'000	China RM'000	Asean RM'000	New Zealand RM'000	Australia RM'000	Others RM'000	Group RM'000
Total revenue from external customers	369,222	822	2,196	41,407	5,642	3,316	422,605
Segment non-current assets	355,858	-	4,082	20,197	-	-	380,137

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

Review of performance by business segments

The Group's businesses comprise the Food Services, Trading and Frozen Food, Food Processing, Nutrition and Dairies Divisions. The Food Services Division contributed 47.5% of the revenue, followed by the Trading and Frozen Food, Food Processing, Nutrition and Dairies Divisions of 33.1%, 7.2%, 3.9% and 8.3%, respectively. Overall, the Group made a loss before tax of RM34.4 million.

Food Services Division

The Food Services Division comprises of Texas Chicken quick-service restaurants in Malaysia and Indonesia, San Francisco Coffee chain and Delicious restaurant businesses. The Division continues to achieve a strong growth in revenue of RM47.0 million or 27.2%, from RM172.5 million to RM219.5 million mainly contributed by rapid expansion and stores growth. Texas Chicken Malaysia remains the top performer which achieved revenue growth of RM33.4 million or 24.7%, from RM135.3 million to RM168.7 million on the back of additional ten new stores as well as improvement in existing store sales due to promotional deals and riding on its increasing brand awareness San Francisco Coffee added another nine stores to its chain resulting in the increase of revenue from RM28.9 million to RM36.2 million, representing an increase of RM7.3 million or 25.3%. Furthermore, Texas Chicken Indonesia has opened six new stores in Jakarta which contributed a revenue of RM5.6 million to the Division. The Division posted a loss before tax of RM22.9 million as compared to RM17.4 million in the previous financial year was principally due to higher selling, marketing and administrative expenses to support the expansion of Texas Chicken restaurants and San Francisco Coffee chains, coupled with the impairment loss on brands, goodwill and franchise fee of RM3.3 million.

The increase in capital expenditure as a result of opening new stores during the financial year contributed mainly to the increase in the segmental assets from RM123.8 million to RM141.5 million or 14.3%. Segmental liabilities increased by 40.0% from RM56.8 million to RM79.5 million principally due to higher payables and additional bank borrowings to finance the set up costs for the new stores.

Trading and Frozen Food Division

The Trading and Frozen Food Division registered a slightly lower revenue of RM153.0 million as compared to RM154.8 million recorded in the last financial year, down by RM1.8 million or 1.2% amid lower sales to hotel, restaurant and retail sectors affected by weak consumer sentiment. The Division posted a lower profit before tax of RM9.8 million as compared to RM11.0 million in the previous financial year, mainly due to higher operating expenses and depreciation for the new warehouse.

Segmental assets decreased by 5.6% from RM125.1 million to RM118.1 million as a result of the lower receivables, partly offset against the increase in capital expenditure for the new warehouse. Segmental liabilities increased from RM41.2 million to RM45.6 million or 10.7%, mainly due to higher usage of tradeline facilities.

Food Processing Division

The Group's Food Processing Division comprises the bakery, butchery and contract packing for dairy and juice based drink businesses. The Division's revenue contracted by RM15.9 million or 32.4% to RM33.1 million from RM49.0 million. The contract packing for dairy and juice based drinks business saw a significant drop in revenue from RM22.7 million to RM9.0 million, down by RM13.7 million or 60.4% attributed to lower demand from its existing customers and disposal of the business on 31 May 2019. Furthermore, the cessation of beverages business in Q4FY2018 have also resulted a reduction of RM5.0 million in revenue. These decreases were partially mitigated by the improved performance of the frozen bakery business with revenue growth of RM8.0 million or 48.1%, from RM15.6 million to RM23.1 million driven by the growing number of local and overseas customers. The Division incurred a higher loss before tax of RM15.6 million as compared to RM7.0 million in the previous financial year largely due to absence of one-off gain from disposal of properties amounting to RM7.5 million.

Segmental assets increased by 26.7% from RM162.8 million to RM206.3 million mainly attributed to the construction of a factory building. The segmental liabilities increased by 50.2% from RM69.5 million to RM104.4 million was largely due to higher bank borrowings to finance the construction of a factory building.

Nutrition Division

The Nutrition Division recorded a reduction in revenue of RM8.2 million or 30.9%, from RM26.5 million to RM18.3 million affected by more competitively priced US, Australian and New Zealand brands. The aggressive competitor promotional programmes have also resulted the Division losing market share. The Division posted a loss before tax of RM3.1 million as compared to loss before tax of RM1.3 million largely due to impairment loss on Horleys brand of RM4.0 million.

Segmental assets had decreased by 31.5% from RM16.2 million to RM11.1 million principally attributable to lower inventories in tandem with the lower sales and impairment of Horleys brand. Segmental liabilities increased by 60.9% to RM3.7 million from RM2.3 million mainly due to increase in payables.

Dairies Division

The Dairies Division registered an improved revenue of RM18.8 million or 94.9% to RM38.6 million from RM19.8 million driven by higher sales volume. The Division registered loss before tax of RM1.9 million as compared to RM1.5 million in the previous financial year due to higher operating expenses.

Segmental assets increased significantly by 103.9% from RM35.5 million to RM72.4 million mainly attributed to the construction of a factory building. The segmental liabilities increased significantly by 269.5% from RM11.8 million to RM43.6 million was largely due to higher bank borrowings to finance the construction of a factory building.

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

	Group		
	30.9.2019 RM'000	30.9.2018 RM'000	Change %
(a) Sales reported for first half year	228,624	210,211	8.8
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(15,248)	(9,699)	57.2
(c) Sales reported for second half year	233,912	212,394	10.1
(d) Operating loss after tax before deducting non–controlling interests reported for second half year	(21,603)	(18,167)	18.9

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

Not applicable.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Dato' Kamal Y P Tan	67	Brother of Dato' Jaya J B Tan, Chairman and substantial shareholder of the Company.	Non-Executive Director and Adviser with effect from 1 April 2019	Re-designated from Group CEO to Non-Executive Director and Adviser with effect from 1 April 2019.
Tan San May	38	Daughter of Dato' Kamal Y P Tan, Non-Executive Director and Adviser and substantial shareholder of the Company. Niece of Dato' Jaya J B Tan, Director and substantial shareholder of the Company.	Head of Bakery and Head of Café with effect from 6 April 2016	Not applicable
Tan San Jean	31	Daughter of Dato' Jaya J B Tan, Chairman and substantial shareholder of the Company. Niece of Dato' Kamal Y P Tan, Non-Executive Director and Adviser and substantial shareholder of the Company.	Head of Operations (Business Development) of Texas Chicken (Malaysia) Sdn Bhd with effect from 1 January 2016	Not applicable
Tan San Yen	34	Daughter of Dato' Jaya J B Tan, Chairman and substantial shareholder of the Company. Niece of Dato' Kamal Y P Tan, Non-Executive Director and Adviser and substantial shareholder of the Company.	Head of Operations – Regional of Texas Chicken (Malaysia) Sdn Bhd with effect from 1 December 2016.	Not applicable

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

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

By Order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

KHOR SIN KOK
Group Chief Executive Officer

28 November 2019