



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

UNAUDITED SECOND QUARTER RESULTS FOR THE PERIOD ENDED 31 MARCH 2017

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

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

	Second Quarter Ended			Six Months Ended		
	31.03.2017	31.03.2016	Change	31.03.2017	31.03.2016	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	100,344	84,960	18.1	201,957	175,910	14.8
Cost of goods sold	(65,811)	(59,519)	10.6	(133,853)	(124,479)	7.5
Gross profit	34,533	25,441	35.7	68,104	51,431	32.4
Other operating income	5,136	13,107	(60.8)	8,183	16,073	(49.1)
Operating expenses						
Administrative expenses	(11,157)	(9,254)	20.6	(21,471)	(17,844)	20.3
Selling and marketing expenses	(23,312)	(13,991)	66.6	(42,683)	(27,447)	55.5
Warehouse and distribution expenses	(6,448)	(5,949)	8.4	(13,116)	(11,981)	9.5
Research and development expenses	(262)	(411)	(36.3)	(594)	(738)	(19.5)
Other operating expenses	(507)	(7,338)	(93.1)	(514)	(3,785)	(86.4)
	(41,686)	(36,943)	12.8	(78,378)	(61,795)	26.8
(Loss)/Profit before interest and tax	(2,017)	1,605	>100	(2,091)	5,709	>100
Finance costs	(1,266)	(1,034)	22.4	(2,424)	(1,830)	32.5
(Loss)/Profit before income tax	(3,283)	571	>100	(4,515)	3,879	>100
Income tax (expense)/credit	(434)	564	>100	(841)	(168)	>100
(Loss)/Profit for the period	(3,717)	1,135	>100	(5,356)	3,711	>100

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

	Second Quarter Ended			Six Months Ended		
	31.03.2017 RM'000	31.03.2016 RM'000	Change %	31.03.2017 RM'000	31.03.2016 RM'000	Change %
(Loss)/Profit for the period	(3,717)	1,135	>100	(5,356)	3,711	>100
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss :</i>						
Exchange differences on translating foreign operations	(1,730)	(7,051)	(75.5)	2,368	(11,747)	>100
Fair value gain/(loss) on available-for-sale assets	2,045	(5)	>100	11,236	(25)	>100
Other comprehensive income, net of tax	315	(7,056)	>100	13,604	(11,772)	>100
Total comprehensive income for the period	(3,402)	(5,921)	(42.5)	8,248	(8,061)	>100
(Loss)/Profit attributable to:						
Owners of the Company	(3,449)	1,409	>100	(4,878)	4,253	>100
Non-controlling interests	(268)	(274)	(2.2)	(478)	(542)	(11.8)
	(3,717)	1,135	>100	(5,356)	3,711	>100
Total comprehensive income attributable to:						
Owners of the Company	(3,188)	(6,205)	(48.6)	9,015	(7,372)	>100
Non-controlling interests	(214)	284	>100	(767)	(689)	11.3
	(3,402)	(5,921)	(42.5)	8,248	(8,061)	>100

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

	Second Quarter Ended			Six Months Ended		
	31.03.2017 RM'000	31.03.2016 RM'000	Change %	31.03.2017 RM'000	31.03.2016 RM'000	Change %
Allowance for doubtful receivables	232	-	100	498	311	60.1
Allowance for doubtful receivables no longer required, now written back	(61)	-	100	(191)	(69)	>100
Allowance for write down of inventories	-	48	(100)	-	433	(100)
Amortisation of intangible assets	136	123	10.6	273	274	(0.4)
Depreciation of property, plant and equipment	5,058	3,948	28.1	9,559	7,578	26.1
Depreciation of investment property	124	-	100	241	-	100
Dividend income	(597)	(755)	(20.9)	(1,377)	(1,737)	(20.7)
Fair value (gain)/loss on held-for-trading investments, net	(153)	5,635	>100	(1,487)	2,113	>100
Foreign currency exchange (gain)/loss, net	(2,967)	389	>100	(2,290)	214	>100
Loss/(Gain) on disposal of held-for-trading investments	216	(880)	>100	(46)	(1,738)	(97.4)
Gain on disposal of property, plant and equipment	(42)	(10,034)	(99.6)	(199)	(10,088)	(98.0)
Finance costs	1,266	1,034	22.4	2,424	1,830	32.5
Interest income	(254)	(337)	(24.6)	(531)	(734)	(27.7)
Inventories written off	4	-	100	65	-	100
Property, plant and equipment written off	452	1,016	(55.5)	495	1,159	(57.3)

1(b) (i) Statements of Financial Position

	Group		Company	
	As at 31.03.2017 RM'000	As at 30.09.2016 RM'000	As at 31.03.2017 RM'000	As at 30.09.2016 RM'000
Non-current assets				
Property, plant and equipment	229,361	195,930	1	1
Investment property	24,087	23,702	-	-
Investments in subsidiaries	-	-	14,274	13,627
Available-for-sale financial assets	29,076	17,041	28,791	16,829
Deferred tax assets	2,253	1,067	-	-
Intangible assets	32,473	30,667	-	7
	<u>317,250</u>	<u>268,407</u>	<u>43,066</u>	<u>30,464</u>
Current assets				
Inventories	43,634	43,723	-	-
Trade and other receivables	62,411	56,669	322,582	290,687
Tax recoverable	765	2,291	-	1,127
Held-for-trading investments	45,322	57,278	45,322	57,278
Fixed deposits	14,992	13,821	-	-
Cash and bank balances	27,219	45,561	964	4,633
	<u>194,343</u>	<u>219,343</u>	<u>368,868</u>	<u>353,725</u>
Current liabilities				
Trade and other payables	52,755	46,054	159,779	148,214
Bank borrowings	44,635	48,525	8,904	3,919
Finance lease payables	6,697	5,672	-	-
Current income tax payable	588	425	459	425
	<u>104,675</u>	<u>100,676</u>	<u>169,142</u>	<u>152,558</u>
Net current assets	<u>89,668</u>	<u>118,667</u>	<u>199,726</u>	<u>201,167</u>
Non-current liabilities				
Provision for restoration costs	1,377	864	-	-
Bank borrowings	36,109	26,409	-	-
Finance lease payables	16,431	15,049	-	-
Financial guarantee contracts	-	-	1,497	1,606
Deferred tax liabilities	2,554	2,553	-	-
	<u>56,471</u>	<u>44,875</u>	<u>1,497</u>	<u>1,606</u>
Net assets	<u>350,447</u>	<u>342,199</u>	<u>241,295</u>	<u>230,025</u>
Capital and reserves				
Share capital	111,406	111,406	111,406	111,406
Treasury shares	(183)	(183)	(183)	(183)
Foreign currency translation reserve	35,165	31,791	55,866	44,458
Fair value reserve	(5,208)	(15,727)	(4,660)	(15,107)
Share options reserve	9,507	9,507	9,507	9,507
Other reserves	(4,562)	(4,562)	-	-
Accumulated profits	213,404	218,282	69,359	79,944
Equity attributable to the owners of the Company	<u>359,529</u>	<u>350,514</u>	<u>241,295</u>	<u>230,025</u>
Non-controlling interests	(9,082)	(8,315)	-	-
Total equity	<u>350,447</u>	<u>342,199</u>	<u>241,295</u>	<u>230,025</u>

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

	Secured	
	As at 31.03.2017 RM'000	As at 30.09.2016 RM'000
Amount payable within one year		
Bank borrowings	44,635	48,525
Finance lease payables	6,697	5,672
	<u>51,332</u>	<u>54,197</u>
Amount payable after one year		
Bank borrowings	36,109	26,409
Finance lease payables	16,431	15,049
	<u>52,540</u>	<u>41,458</u>
Total	<u>103,872</u>	<u>95,655</u>

The Group's bank borrowings as at 31 March 2017 are secured against the following:

- ⇒ Registered general security agreement over all present and future assets of Nutrition Division;
- ⇒ Pledge of Horleys trademark;
- ⇒ Pledge of inventories and fixed deposits of Nutrition Division;
- ⇒ Pledge of land and buildings;
- ⇒ Pledge of shares of a subsidiary;
- ⇒ Debenture comprising fixed and floating charge over all future and present assets of a subsidiary;
- ⇒ Pledge of available-for-sale financial assets; and
- ⇒ Company's Corporate Guarantees, except for a secured term loan of RM117,000 (30 September 2016 : RM131,000).

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

1(c) Consolidated Statement of Cash Flows

	Second Quarter Ended		Six Months Ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
(Loss)/Profit before income tax	(3,283)	571	(4,515)	3,879
Adjustments for:				
Allowance for doubtful receivables	232	-	498	311
Allowance for doubtful receivables no longer required, now written back	(61)	-	(191)	(69)
Allowance for write down of inventories	-	48	-	433
Amortisation of intangible assets	136	123	273	274
Depreciation of property, plant and equipment	5,058	3,948	9,559	7,578
Depreciation of investment property	124	-	241	-
Dividend income	(597)	(755)	(1,377)	(1,737)
Fair value (gain)/loss on held-for-trading investment, net	(153)	5,635	(1,487)	2,113
Finance costs	1,266	1,034	2,424	1,830
Foreign currency exchange (gain)/loss, net	(2,967)	1,161	(1,676)	132
Gain on disposal of property, plant and equipment	(42)	(10,034)	(199)	(10,088)
Loss/(Gain) on disposal of held-for- trading investments	216	(880)	(46)	(1,738)
Interest income	(254)	(337)	(531)	(734)
Inventories written off	4	-	65	-
Property, plant and equipment written off	452	1,016	495	1,159
Operating profit before working capital changes	131	1,530	3,533	3,343
Working capital changes:				
Inventories	(4,132)	(3,229)	470	855
Trade and other receivables	1,414	8,793	(4,087)	(8,420)
Trade and other payables	2,506	(17,270)	1,943	1,888
Cash (used in)/generated from operations	(81)	(10,176)	1,859	(2,334)
Interest paid	(290)	(356)	(632)	(697)
Income tax paid, net	(505)	(481)	(247)	(1,143)
Net cash (used in)/generated from operating activities	(876)	(11,013)	980	(4,174)
Cash flows from investing activities				
Acquisition of held-for-trading investments	-	(10,407)	-	(10,661)
Acquisition of subsidiaries, net of cash acquired	-	(17,456)	(139)	(17,456)
Acquisition of available-for-sale financial assets	-	-	-	(32,123)
Interest received	254	337	531	734
Dividend received	597	755	1,377	1,737
Proceeds from disposal of property, plant and equipment	158	13,271	315	13,404
Proceeds from held-for-trading investments	12,016	10,236	15,970	52,322
Purchase of intangible assets	(135)	(71)	(332)	(679)
Purchase of property, plant and equipment	(18,870)	(2,742)	(37,415)	(73,241)
Net cash used in investing activities	(5,980)	(6,077)	(19,693)	(65,963)

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

	Second Quarter Ended		Six Months Ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Interest paid	(976)	(679)	(1,792)	(1,134)
Repayment of finance lease obligations	(1,600)	(1,078)	(3,018)	(2,064)
Drawdown of bank borrowings	25,236	31,207	49,254	71,289
Repayment of bank borrowings	(23,106)	(22,695)	(43,426)	(46,609)
Net cash (used in)/generated from financing activities	(446)	6,755	1,018	21,482
Net change in cash and cash equivalents	(7,302)	(10,335)	(17,695)	(48,655)
Cash and cash equivalents at the beginning of the financial period	48,183	56,442	58,323	96,471
Effect of exchange rate changes	(18)	(3,106)	235	(4,815)
Cash and cash equivalents at the end of the financial period	40,863	43,001	40,863	43,001
Cash and cash equivalents comprise the following:				
Cash and bank balances	27,219	30,436	27,219	30,436
Unpledged fixed deposits	14,166	12,565	14,166	12,565
Bank overdraft	(522)	-	(522)	-
	40,863	43,001	40,863	43,001

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

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

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

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

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

1(d) (i) Statements of Changes in Equity for the Six Months ended 31 March 2017 and 31 March 2016

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
Balance at 1 October 2016	111,406	(183)	31,791	(15,727)	9,507	(4,562)	218,282	350,514	(8,315)	342,199
Loss for the period	-	-	-	-	-	-	(4,878)	(4,878)	(478)	(5,356)
Other comprehensive income :										
Exchange differences on translating foreign operations	-	-	3,374	(717)	-	-	-	2,657	(289)	2,368
Available-for-sale financial assets	-	-	-	11,236	-	-	-	11,236	-	11,236
Total other comprehensive income	-	-	3,374	10,519	-	-	-	13,893	(289)	13,604
Total comprehensive income for the financial period	-	-	3,374	10,519	-	-	(4,878)	9,015	(767)	8,248
Balance at 31 March 2017	111,406	(183)	35,165	(5,208)	9,507	(4,562)	213,404	359,529	(9,082)	350,447
Balance at 1 October 2015	111,406	(183)	40,219	(667)	9,507	(2,168)	215,419	373,533	(6,139)	367,394
Profit/(Loss) for the period	-	-	-	-	-	-	4,253	4,253	(542)	3,711
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	(11,600)	-	-	-	-	(11,600)	(147)	(11,747)
Available-for-sale financial assets	-	-	-	(25)	-	-	-	(25)	-	(25)
Total other comprehensive income	-	-	(11,600)	(25)	-	-	-	(11,625)	(147)	(11,772)
Total comprehensive income for the financial period	-	-	(11,600)	(25)	-	-	4,253	(7,372)	(689)	(8,061)
Acquisition on investment in subsidiaries	-	-	-	-	-	-	-	-	1,517	1,517
Balance at 31 March 2016	111,406	(183)	28,619	(692)	9,507	(2,168)	219,672	366,161	(5,311)	360,850

1(d) (i) Statements of Changes in Equity for the Second Quarter ended 31 March 2017 and 31 March 2016

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
Balance at 31 December 2016	111,406	(183)	36,617	(6,921)	9,507	(4,562)	216,853	362,717	(8,868)	353,849
Loss for the period	-	-	-	-	-	-	(3,449)	(3,449)	(268)	(3,717)
Other comprehensive income :										
Exchange differences on translating foreign operations	-	-	(1,452)	(332)	-	-	-	(1,784)	54	(1,730)
Available- for- sale financial assets	-	-	-	2,045	-	-	-	2,045	-	2,045
Total other comprehensive income	-	-	(1,452)	1,713	-	-	-	261	54	315
Total comprehensive income for the financial period	-	-	(1,452)	1,713	-	-	(3,449)	(3,188)	(214)	(3,402)
Balance at 31 March 2017	111,406	(183)	35,165	(5,208)	9,507	(4,562)	213,404	359,529	(9,082)	350,447
Balance at 31 December 2015	111,406	(183)	36,228	(687)	9,507	(2,168)	218,263	372,366	(7,112)	365,254
Profit/(Loss) for the period	-	-	-	-	-	-	1,409	1,409	(274)	1,135
Other comprehensive income :										
Exchange differences on translating foreign operations	-	-	(7,609)	-	-	-	-	(7,609)	558	(7,051)
Available- for- sale financial assets	-	-	-	(5)	-	-	-	(5)	-	(5)
Total other comprehensive income	-	-	(7,609)	(5)	-	-	-	(7,614)	558	(7,056)
Total comprehensive income for the financial period	-	-	(7,609)	(5)	-	-	1,409	(6,205)	284	(5,921)
Acquisition on investment in subsidiaries	-	-	-	-	-	-	-	-	1,517	1,517
Balance at 31 March 2016	111,406	(183)	28,619	(692)	9,507	(2,168)	219,672	366,161	(5,311)	360,850

1(d) (i) Statements of Changes in Equity for the Six Months ended 31 March 2017 and 31 March 2016

Company	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Share options reserve	Accumulated profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 October 2016	111,406	(183)	44,458	(15,107)	9,507	79,944	230,025
Loss for the period	-	-	-	-	-	(10,585)	(10,585)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	11,408	(717)	-	-	10,691
Available-for-sale financial assets	-	-	-	11,164	-	-	11,164
Total other comprehensive income	-	-	11,408	10,447	-	-	21,855
Total comprehensive income for the financial period	-	-	11,408	10,447	-	(10,585)	11,270
Balance at 31 March 2017	111,406	(183)	55,866	(4,660)	9,507	69,359	241,295
Balance at 1 October 2015	111,406	(183)	51,404	-	9,507	59,268	231,402
Profit for the period	-	-	-	-	-	20,549	20,549
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(15,963)	-	-	-	(15,963)
Total other comprehensive income	-	-	(15,963)	-	-	-	(15,963)
Total comprehensive income for the financial period	-	-	(15,963)	-	-	20,549	4,586
Balance at 31 March 2016	111,406	(183)	35,441	-	9,507	79,817	235,988

1(d) (i) Statements of Changes in Equity for the Second Quarter ended 31 March 2017 and 31 March 2016

Company	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Share options reserve	Accumulated profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 31 December 2016	111,406	(183)	50,566	(6,288)	9,507	68,241	233,249
Profit for the period	-	-	-	-	-	1,118	1,118
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	5,300	(332)	-	-	4,968
Available-for-sale financial assets	-	-	-	1,960	-	-	1,960
Total other comprehensive income	-	-	5,300	1,628	-	-	6,928
Total comprehensive income for the financial period	-	-	5,300	1,628	-	1,118	8,046
Balance at 31 March 2017	111,406	(183)	55,866	(4,660)	9,507	69,359	241,295
Balance at 31 December 2015	111,406	(183)	45,566	-	9,507	73,088	239,384
Profit for the period	-	-	-	-	-	6,729	6,729
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(10,125)	-	-	-	(10,125)
Total other comprehensive income	-	-	(10,125)	-	-	-	(10,125)
Total comprehensive income for the financial period	-	-	(10,125)	-	-	6,729	(3,396)
Balance at 31 March 2016	111,406	(183)	35,441	-	9,507	79,817	235,988

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

Share Capital	Number of shares	COMPANY	
		S\$'000	RM'000

Issued and fully paid-up ordinary shares as at 31 December 2016 and 31 March 2017	126,385,289	46,526	111,406
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Treasury Shares	Number of treasury shares	COMPANY	
		S\$'000	RM'000

Balance as at 31 March 2017	(242,000)	(76)	(183)
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Share Capital	Number of shares	COMPANY	
		S\$'000	RM'000

<u>Before share consolidation</u> Issued and fully paid-up ordinary shares as at 31 December 2015	631,926,528	46,526	111,406
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<u>After share consolidation</u> Issued and fully paid-up ordinary shares as at 31 March 2016	126,385,289	46,526	111,406
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On 12 February 2016, the Company completed its share consolidation exercise with every five (5) existing shares consolidated to constitute one (1) consolidated share.

Treasury Shares	Number of treasury shares	COMPANY	
		S\$'000	RM'000

<u>Before share consolidation</u> Balance as at 31 December 2015	(1,210,000)	(76)	(183)
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<u>After share consolidation</u> Balance as at 31 March 2016	(242,000)	(76)	(183)
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	As at 31.03.2017	As at 31.03.2016
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The number of shares that may be issued on exercise of share options outstanding at the end of the period	2,378,000	2,408,600
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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 31 March 2017, the total number of issued shares less treasury shares of the Company was 126,143,289 shares (30 September 2016: 126,143,289 shares).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 March 2017.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

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

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

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

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

	Second Quarter Ended		Six Months Ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Net (loss)/profit attributable to owners of the Company for the financial period (RM '000)	(3,449)	1,409	(4,878)	4,253
Weighted average number of ordinary shares				
- Basic	126,143,289	126,143,289	126,143,289	126,143,289
- Fully diluted	126,143,289	126,143,289	126,143,289	126,143,289
Earnings per share (RM sen)				
- Basic	(2.73)	1.12	(3.87)	3.37
- Fully diluted	(2.73)	1.12	(3.87)	3.37

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

	Group		Company	
	As at	As at	As at	As at
	31.03.2017	30.09.2016	31.03.2017	30.09.2016
	RM	RM	RM	RM

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

2.78	2.71	1.91	1.82
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- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cashflow, working capital, assets or liabilities of the group during the current financial period.**

Business Segments

The Group's core business segments are as follows:

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

Performance Review

Review on Consolidated Statement of Comprehensive Income

Second Quarter Ended 31 March 2017

The Group recorded a revenue of RM100.3 million for the second quarter ended 31 March 2017 ("Q2FY2017"), an increase of RM15.3 million or 18.1%, from RM85.0 million in the previous corresponding quarter ended 31 March 2016 ("Q2FY2016"). The increase in the Group's topline was mainly contributed by the Food Services Division.

Food Services Division continues to register a robust growth in topline by RM15.7 million or 93.5%, from RM16.8 million to RM32.5 million driven mainly by Texas Chicken which achieved a strong increase in revenue from RM16.6 million to RM25.1 million, representing an increase of RM8.5 million or 51.2% as a result of the opening of ten additional new restaurant outlets and improved sales performance attributed to market acceptance of its products quality, value and brand recognition. The newly acquired San Francisco Coffee chain and Delicious restaurants business have also contributed an additional RM5.4 million and RM1.9 million revenue, respectively to the Division. The Group's top line was also supported by Trading and Frozen Food Division which registered a marginal growth in revenue of RM0.7 million or 1.7%, from RM40.6 million to RM41.3 million despite the difficult trading environment.

However, the improved performance was offset by lower top line contribution from the Nutrition Division which saw a decline in revenue of RM0.9 million or 9.3%, from RM9.7 million to RM8.8 million. The traditional channel for sales of sports and weight management supplements are gyms, health food and supplement stores. For some period now Nutrition Division has lost market share in this channel primarily due to more competitively priced US brands as well as a significant increase in dealing by Australian and New Zealand brands as they compete to retain market share. Additionally, market share is down in the key New Zealand supermarket channel and is due to aggressive competitor promotional programmes. The Malaysian sales channel has significantly dropped due to unfavourable economic conditions.

The Food Processing Division's performance has also dropped marginally by RM0.2 million or 1.1%, from RM17.9 million to RM17.7 million. The Division was impacted by slower growth from its beverages business which recorded a decline in revenue of RM1.6 million or 32.0% amid lower export and local sales resulting from the continued slowdown of China market and ongoing price war amongst the local competitors. This was offset by the better performance of Contract Packing for Dairy and Juice based drinks business which contributed sales growth of RM1.0 million or 34.8% on the back of greater sales volume. In addition, the bakery business also saw an increase in revenue of RM0.4 million or 4.1% largely contributed from the new customers.

The Group's gross profit margin improved from 29.9% to 34.4% quarter-on-quarter on the back of higher sales contribution from the Food Services Division which derives higher margin from their products.

Other operating income recorded at RM5.1 million comprises mainly the foreign currency fluctuation gain of RM3.0 million, income from held-for-trading investments of RM0.5 million and interest income from short term deposits of 0.3 million. In the previous corresponding quarter, the other operating income of RM13.1 million was largely contributed from the one-time gain on disposal of land and building in Indonesia of RM10.0 million.

Overall, operating expenses rose to RM41.7 million from RM36.9 million, an increase of RM4.8 million or 12.8%. This was principally due to higher selling and marketing expenses and administrative expenses, which increased by RM9.3 million or 66.6% and RM1.9 million or 20.6%, respectively to support the expansion of restaurant business and inclusion of operating costs of the newly acquired San Francisco Coffee chain and Delicious restaurant business. Other operating expenses of RM0.5 million represent mainly the write-off of renovation and equipment as a result of relocation of restaurant outlet. In the previous corresponding quarter, other operating expenses of RM7.3 million was largely arising from the fair value loss on held-for-trading investments.

Finance costs increased from RM1.0 million to RM1.3 million mainly due to higher borrowings coupled with an additional hire purchase facilities for the new restaurant outlets.

The Group recorded income tax expense of RM 0.4 million mainly due to increase in profit generated by certain subsidiaries and the non-availability of group relief for losses incurred by certain subsidiaries.

Overall, the Group registered a loss after tax of RM3.7 million, from a profit after tax of RM1.1 million in the previous corresponding Q2FY2016.

Six Months Ended 31 March 2016

For the six months period under review, the Group continues to register higher revenue of RM202.0 million as compared to the previous corresponding period of RM175.9 million, an increase of RM26.1 million or 14.8%. This was mainly driven by the better performance from the Food Services Division and Food Processing Divisions, which contributed RM27.7 million and RM1.3 million, respectively. However, these increases were partially impacted by lower sales from the Trading and Frozen Food and Nutrition Divisions of RM1.6 million and RM1.3 million, respectively.

Gross profit margin improved to 33.7% from 29.2% in the previous corresponding period on the back of higher sales contribution from Food Services Division which derives higher margin from their products.

Other income of RM8.2 million comprises mainly the income from held-for-trading investments of RM2.9 million, foreign currency fluctuation gain of RM2.3 million, rental income from corporate building of RM0.8 million and interest income from short term deposits of 0.5 million.

Overall, operating expenses increased by RM16.6 million or 26.8%, from RM61.8 million to RM78.4 million amid higher selling and marketing expenses and administrative expenses, which increased by RM15.2 million or 55.5% and RM3.6 million or 20.3%, respectively to support the expansion of restaurant business and inclusion of operating costs of the newly acquired San Francisco Coffee chain and Delicious restaurant business. Other operating expenses of RM0.5 million represent largely the write-off of the renovation and equipment due to relocation of restaurant outlet.

Finance costs increased by RM0.6 million or 32.5% primarily due to higher borrowings coupled with an additional hire purchase facilities for the new restaurant outlets.

The Group recorded income tax expense of RM 0.8 million mainly due to increase in profit generated by certain subsidiaries and the non-availability of group relief for losses incurred by certain subsidiaries.

Overall, the Group registered a loss after tax of RM5.4 million, from a profit after tax of RM3.7 million reported in the previous corresponding period.

Review on Statements of Financial Position

Non-current assets increased by RM48.8 million. The property, plant and equipment increased by RM33.4 million largely attributed to the RM24.3 million incurred for the construction of factory buildings and RM11.5 million set up costs for the new restaurant outlets. The Group's investment in available-for-sale financial assets registered a fair value gain of RM12.0 million. Goodwill and brand value of RM1.7 million was provisionally identified following the acquisition of Delicious which contributed to the increase in intangible assets by RM1.8 million.

Trade and other receivables increased by RM5.7 million principally due to longer collection period, deposits and prepayments paid for setting up the new restaurant outlets, coupled with the inclusion of receivables of a newly acquired subsidiary. Part of the cash and bank balances together with the RM16.0 million proceeds from the disposal of held-for-trading investments were utilised for the construction of factory buildings, set up costs for new restaurant outlets and acquisition of a subsidiary. These have resulted in the reduction of the current assets by RM25.0 million.

The Group's current liabilities increased by RM4.0 million mainly due to increase in other payables of RM6.7 million incurred for the construction of factory buildings and renovation costs of new restaurant outlets, together with the inclusion of payables from a newly acquired subsidiary. Finance lease payables has also increased by RM1.0 million largely to finance the set up costs for new restaurant outlets. However, these were offset against the decrease in bank borrowings of RM3.9 million due to lower trade line facilities taken.

The Group's non-current liabilities increased by RM11.6 million largely due to higher bank borrowings of RM9.7 million utilised to finance the construction of factory buildings and renovation of new corporate office building. In addition, the finance lease payables has also increased by RM1.4 million to finance mainly the set-up costs of new restaurant outlets.

Review on Consolidated Statement of Cash Flows

Second Quarter Ended 31 March 2017

The Group recorded a net decrease in cash and cash equivalents of RM7.3 million for the current quarter ended 31 March 2017.

Net cash used in operating activities of RM0.9 million due largely to the increase in inventories of RM4.1 million, increase in payables of RM2.5 million and reduction in receivables of RM1.4 million.

For investing activities, the Group utilised RM19.0 million for the purchase of property, plant and equipment. Cash amounting to RM13.0 million were largely raised from the sale of held-for-trading investments, dividend and interest received. These resulted in net cash utilised of RM6.0 million in the investing activities.

For financing activities, the Group utilised RM25.6 million for the settlement of bank borrowings and hire purchase creditors, together with interest paid. This amount was reduced by the drawdown of bank borrowings of RM25.2 million which has resulted the net cash used in financing activities of RM0.4 million.

Six Months Ended 31 March 2017

The Group registered a net decrease in cash and cash equivalents of RM17.7 million for the current period ended 31 March 2017.

Net cash generated from operating activities amounted to RM1.0 million was mainly derived from the operating profit of RM3.5 million and increase in payables of RM1.9 million, which were offset against the increase in receivables of RM4.1 million.

For investing activities, the Group utilised RM37.9 million was largely for the purchase of property, plant and equipment. Cash amounting to RM18.2 million were largely raised from the sale of held-for-trading investments, dividend and interest received. These resulted in net cash utilised of RM19.7 million in the investing activities.

Net cash generated from financing activities of RM1.0 million arose from the drawdown of bank borrowings of RM49.3 million. This amount was reduced by RM48.2 million which was mainly utilised for settlement of bank borrowings, hire purchase creditors and interest paid.

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

Not applicable.

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

a) Trading and Frozen Food Division

The Ringgit has recovered slightly since the last quarter and has since remained range bound. Despite this, most food prices keep increasing and this has greatly impacted the top line. However, measures to pass on the increased food costs to consumers is limited by the implementation of the Price Control and Anti-Profiteering Act, which come into effect on 1 January 2017. This is further compounded by reduction in government functions in hotel and restaurants. Retail consumers' spending continues to weaken.

The prices of beef, lamb and mutton from Australia and New Zealand have increased in the current quarter as beef and lamb are very short in supply due to high prices demanded by the farmers and some slaughtering houses prefer to shut down their plants rather than incurring losses. Prices of dairy products especially butter from Australia and New Zealand have also increased due to shortage of milk.

Going forward for the next quarter, it is expected that prices will continue to increase in the winter as meat plants cited rising costs of livestock and shortages of supplies. On the positive side, we have managed to get approval for export to Singapore market and also approval from a major customer to increase price from the third quarter.

b) Food Services Division

Prices of most raw materials have increased with the weakening of the Malaysia Ringgit. To mitigate the impact, Texas has also increased menu prices in February 2017. For bone-in-chicken price remains unchanged based on existing contracts. Higher rebates have been obtained from certain suppliers on achievement of targeted volume. Overall, Texas Chicken should be able to negotiate for better prices of most food costs as it will be in a better bargaining position as volume grows in tandem with the increasing number of outlets. The Division also constantly source for new suppliers to complement its growing business to ensure the lowest prices are obtained.

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

Texas Chicken brand continues to grow strength from strength as evidenced from the encouraging support during the opening of its new outlet in Penang and Alor Star, increasing its store count to 35 outlets. The support was so overwhelming that it makes the Penang store our top-performing store to date. The top line of existing stores continues to strengthen on the back of the success of the operations executions, marketing strategy and limited time offers together with the growing number of outlets. Because of the continuing strength of Texas Chicken, it has been attracting offers from malls and shop lots in and outside the Klang Valley. This has enable Texas Chicken to improve the site selections and rental terms.

San Francisco Coffee has embarked on sourcing for alternative suppliers to mitigate the potential price increase arising from the weakening Ringgit for imported raw materials like green beans, syrups and local cups and lids. Milk price remains stable.

Competition is expected to heat up with the openings of new coffee chains Doutor, Costa and Paul Coffee from Japan, United Kingdom and France, respectively and local homegrown brand, Espresso Lab, has started to compete with San Francisco Coffee by targeting office buildings.

As at the current quarter, San Francisco Coffee has 31 stores and has opened another three stores to date, notably in Genting Highland and on the ground floor of the Group's corporate building. Plans are in place to open another two stores by June 2017. Current rebranding exercise will introduce a new logo, tone of voice, menu, concept of stores of which every store would have its own unique feature. The new concept will enable the brand to make a presence in malls and lifestyle market, diversifying from the current niche market which focuses mainly on office buildings.

c) Nutrition Division

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

Following a period of steady rise in international prices for milk powder in recent months however in the last month prices have softened confirming the widely-held view that the worldwide supply position has reached a level of equilibrium. Prices for specialised whey proteins purchased for the manufacture of Horleys products do not always directly follow the price trends for Whole and Skim milk. However prices have been marginally lower over the most recent quarter. This continues a significant period of soft pricing for whey proteins. However the adverse movement in the exchange rate in the most recent period has largely mitigated any significant savings in cost of goods. The company predominantly draws their specialised protein ingredients exclusively from Fonterra Cooperative, New Zealand's pre-eminent dairy product supplier. All remaining raw materials and packaging requirements are actively tendered via the company's contracted powder products manufacturer on an open book costing basis.

The Division markets their range of sports nutrition and weight management products under the Horleys brand. The Horleys brand had been losing market share in the key New Zealand supermarket channel for a period and is now at 24% market share of New Zealand key accounts. The aggressive promotional programme being activated by key competitor, Vitaco, continues to be the primary reason for the loss of market share.

In the traditional channel for sales of sports and weight management supplements being gyms, health food and supplement shop channel Horleys have for some period lost market share. This has been primarily due to more competitively priced US brands as well as significant increase in dealing by Australian and New Zealand brands as they fight desperately to retain some market share. Following a long programme of reducing Horleys 'cost to serve' this sales channel in Australia and New Zealand a new area sales manager has recently been appointment to service the channel in New Zealand therein freeing Horleys very experienced Sales Manager to focus on driving new initiatives in the challenging but larger in Australian market. Also, an increasing proportion of sales in this category are via web purchases. The Horleys Marketing team are developing an exciting new E-Commerce strategy which will ensure Horleys enjoy a significant share of these rapidly growing opportunity.

Focus is currently on developing products within the sports and nutrition range with major review of the Elite range currently underway. The *Sculpt* women's shaping protein product offering is currently in the process of being re-launched in Australia and New Zealand with impressive new imagery and a strong social media support package. The company website is also being re-developed and will go live around the end of April.

The Division has also commenced a long-term plan to diversify the product offering from a sole dependence on sports nutrition and weight management products. A new range of UHT long life non-dairy beverages (PET bottles), almond and macadamia has been launched in New Zealand under the *Coveit* brand in the emerging and growing chilled supermarket segment. The Division can report that selected ranging has been achieved throughout the New Zealand supermarket trade with initial off-take being encouraging to date. The primary immediate focus is to drive consumers to the range and to endeavour to gain additional ranging in key NZ retail outlets.

d) Food Processing Division

(i) Bakery

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

Due to lack of stimulus from the market arising from the low global fuel price, consumer spending remains weak following the implementation of the GST coupled with increase in toll charges and reduction in rebate on electricity charges and lifting of subsidy for cooking oil. Most grocers and retailers have temporarily delayed any expansion plan and undertaken reduced promotional activities. In addition, new products which taste better and more crispy have been developed to compete effectively with its competitors and also help to penetrate into hotels and restaurants.

To control costs, measures have been undertaken to improve process efficiencies and controlling wastages and returns. In addition, the division has implemented price increase for certain of its existing products to mitigate the escalating costs of raw materials and labour. As labour shortage is currently being experienced by the industry, the Bakery business will focus on the production of frozen dough which will provide the Division a competitive edge in the market. The Division is making some in-roads into the hotel, restaurant and café industry by securing several new customers in that industry. The venture into hotel, restaurant and cafe channel will be a new focus for business expansion. The Division also has plan to penetrate overseas market to improve revenue.

(ii) Butchery

The continued increase in prices of imported meat in the current quarter has weighed down on the revenue and profit margins. It is very difficult to pass the increase to consumers as most competitors have not increase their prices yet and consumers are very selective in their spending. Other than the continuous effort in negotiating with major customers for price increase, costs reduction measures have also been undertaken to mitigate the impact on the increased costs.

Consumers' sentiment has been affected by the weak Ringgit and the implementation of the Goods and Services Tax and state of global economy. Retail customers are switching to lower quality meat that the Division cannot compete in. To counteract the impact, the Division has introduced more products into the market, with focus on the retail pack of 100gm which is still very strong in the local market. It has also embarked on promotions and roadshows to promote its products and has now penetrated into the new markets in Sabah and Sarawak. Export to Singapore will commence in the third quarter as it has recently obtained the approval from the food authority.

The recent implementation of the Price Control and Anti-Profiteering Act effective on 1 January 2017 has made it very challenging for the business to increase prices as the Act is very restrictive on price increases. As a consequence, margin will be squeezed.

(iii) Beverages

Export sales continues to be affected by the slower growth in China. In the local market, the price war amongst competitors is impacting the top line adversely. With rising raw and packaging materials prices, it is challenging for the division to compete with the local competitors. Hence, as from third quarter of FY2017, the division will focus on export markets and entering into OEM partnership with companies in the Asean countries.

(iv) Contract Packing for Dairy and Juice Based Drinks

Farm Milk forms a significant component of the division's costs. Farmgate price remained low at NZD6.00/KG.

Demand for PET Aseptic products continues to grow within Australia and New Zealand. There are no major PET Aseptic manufacturers with any significant capacity in the region to compete with EDNZ at this time.

EDNZ's unique advantage remains as dairy and non-dairy Aseptic co-packing in PET Bottles plus direct access to New Zealand Fresh Farm milk. These factors together with co-pack price increases are contributing to improved margins for new and existing customers. The company continues to enjoy strong demand for supply of high value added Aseptic PET bottled products.

The Division continues to focus on new product offerings to meet the increase in consumer demand for aseptically bottled beverages. The current focus is nut based dairy free alternative milk beverages such as coconut, almond, and macadamia. Drinking yoghurt is under development.

11 If a decision regarding dividend has been made:-

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

No.

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

Not applicable.

(ii) Previous corresponding period (RM sen)

Not applicable.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been declared/recommended for the period ended 31 March 2017.

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

Not applicable as no IPT mandate has been obtained.

14 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).

15 Negative assurance confirmation on second quarter financial results pursuant to Rule 705(5) of the Listing Manual.

We, Dato' Kamal Y P Tan (Group CEO) and Dato' Jaya J B Tan (Chairman), being two directors of the Company, do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the second quarter ended 31 March 2017 to be false or misleading in any material respect. A statement signed by us is on record.

BY ORDER OF THE BOARD
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Dato' Kamal Y P Tan
Group CEO

09 May 2017