



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

**UNAUDITED HALF YEAR RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

**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**

	6 months ended 31.3.2020 RM'000	6 months ended 31.3.2019 RM'000 (Restated)	Change %
Revenue	229,296	217,141	5.6
Cost of goods sold	(135,591)	(135,015)	0.4
Gross profit	93,705	82,126	14.1
Other operating income	2,869	3,454	(16.9)
Operating expenses			
Administrative expenses	(20,818)	(22,521)	(7.6)
Selling and marketing expenses	(72,985)	(61,740)	18.2
Warehouse and distribution expenses	(12,343)	(12,830)	(3.8)
Research and development expenses	(299)	(103)	>100
Other operating expenses	(2,630)	(152)	>100
	(109,075)	(97,346)	12.0
<b>Loss before interest and tax</b>	<b>(12,501)</b>	<b>(11,766)</b>	<b>6.2</b>
Finance costs	(9,789)	(3,332)	>100
<b>Loss before income tax</b>	<b>(22,290)</b>	<b>(15,098)</b>	<b>47.6</b>
Income tax expense	(861)	127	>100
Loss from continuing operations, net of tax	(23,151)	(14,971)	54.6
Loss from discontinued operations, net of tax	(2,975)	(277)	>100
<b>Loss for the financial period</b>	<b>(26,126)</b>	<b>(15,248)</b>	<b>71.3</b>

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

	6 months ended 31.3.2020 RM'000	6 months ended 31.3.2019 RM'000 (Restated)	Change %
<b>Loss for the financial period</b>	<b>(26,126)</b>	<b>(15,248)</b>	<b>71.3</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations			
- Continuing operations	402	8	>100
- Discontinued operations	321	(364)	>100
	723	(356)	>100
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Net fair value loss on financial assets at FVOCI	(60)	-	100
<b>Other comprehensive income for the financial period, net of tax</b>	<b>663</b>	<b>(356)</b>	<b>&gt;100</b>
<b>Total comprehensive income</b>	<b>(25,463)</b>	<b>(15,604)</b>	<b>63.2</b>
<b>Loss attributable to:</b>			
Owners of the Company			
- Loss from continuing operations, net of tax	(23,151)	(14,095)	64.2
- Loss from discontinued operations, net of tax	(2,975)	(277)	>100
	(26,126)	(14,372)	81.8
Non-controlling interests	-	(876)	N/A
	<b>(26,126)</b>	<b>(15,248)</b>	<b>71.3</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company			
- Loss from continuing operations, net of tax	(22,809)	(13,962)	63.4
- Loss from discontinued operations, net of tax	(2,654)	(641)	>100
	(25,463)	(14,603)	74.4
Non-controlling interests	-	(1,001)	N/A
	<b>(25,463)</b>	<b>(15,604)</b>	<b>63.2</b>

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

	Continuing Operations Six months ended			Discontinued Operations Six months ended		
	31.3.2020 RM'000	31.3.2019 RM'000	Change %	31.3.2020 RM'000	31.3.2019 RM'000	Change %
Loss allowance on receivables, net	543	247	>100	8	17	(52.9)
Amortisation of intangible assets	229	355	(35.5)	-	-	-
Depreciation of property, plant and equipment	13,376	12,367	8.2	-	41	N/A
Depreciation of investment properties	241	241	-	-	-	-
Amortisation of right-of-use assets	11,926	-	100	-	-	-
Rental expenses	3,727	14,347	(74.0)	61	668	(90.9)
Dividend income	-	(1)	N/A	-	-	-
Fair value gain on available-for-sale financial assets	-	(48)	N/A	-	-	-
Finance costs	9,789	3,332	>100	-	-	-
Foreign currency exchange loss/(gain), net	1,160	(139)	>100	(70)	37	>100
Gain on disposal of property, plant and equipment	(95)	(1,416)	(93.3)	-	-	-
Gain on disposal of assets classified as held for sale	(174)	-	100	-	-	-
Intangible assets written off	5	-	100	-	-	-
Interest income	(148)	(187)	(20.9)	(3)	(4)	(25.0)
Net loss on disposal of Nutrition business and intangible assets	-	-	-	2,200	-	100
Property, plant and equipment written off	1,073	111	>100	288	-	100
Right-of-use assets written off	11	-	100	-	-	-
Write back of allowance for write-down of inventories	(124)	-	100	-	-	-

**1(b) (i) Statements of Financial Position**

	Group		Company	
	As at 31.3.2020 RM'000	As at 30.9.2019 RM'000	As at 31.3.2020 RM'000	As at 30.9.2019 RM'000
<b>Non-current assets</b>				
Property, plant and equipment	432,963	383,044	-	-
Deposits for purchase of property, plant and equipment	18,285	31,152	-	-
Right-of-use assets	117,280	-	-	-
Investment properties	22,641	22,882	-	-
Investments in subsidiaries	-	-	231,385	231,760
Financial assets at fair value through other comprehensive income ("FVOCI")	7,637	7,676	7,537	7,517
Deferred tax assets	669	711	-	-
Intangible assets	24,252	27,525	-	-
	<b>623,727</b>	<b>472,990</b>	<b>238,922</b>	<b>239,277</b>
<b>Current assets</b>				
Inventories	44,264	45,622	-	-
Trade and other receivables	55,478	54,381	106,009	143,799
Tax recoverable	102	846	-	-
Fixed deposits	1,039	1,167	-	-
Cash and bank balances	25,116	22,690	5,690	458
	<b>125,999</b>	<b>124,706</b>	<b>111,699</b>	<b>144,257</b>
Non-current assets classified as held for sale	-	9,024	-	-
	<b>125,999</b>	<b>133,730</b>	<b>111,699</b>	<b>144,257</b>
<b>Current liabilities</b>				
Trade and other payables	76,858	77,848	1,940	2,094
Bank borrowings	48,907	41,487	-	-
Finance lease payables	10,320	9,830	-	-
Lease liabilities	14,836	-	-	-
Current income tax payable	69	173	-	-
Provision for restoration costs	554	1,378	-	-
	<b>151,544</b>	<b>130,716</b>	<b>1,940</b>	<b>2,094</b>
<b>Net current (liabilities)/assets</b>	<b>(25,545)</b>	<b>3,014</b>	<b>109,759</b>	<b>142,163</b>
<b>Non-current liabilities</b>				
Bank borrowings	189,120	146,259	-	-
Finance lease payables	20,057	18,804	-	-
Lease liabilities	103,138	-	-	-
Provision for restoration costs	3,133	2,735	-	-
Financial guarantee contracts	-	-	4,508	5,359
Deferred tax liabilities	4,652	4,661	-	-
	<b>320,100</b>	<b>172,459</b>	<b>4,508</b>	<b>5,359</b>
<b>Net assets</b>	<b>278,082</b>	<b>303,545</b>	<b>344,173</b>	<b>376,081</b>
<b>Capital and reserves</b>				
Share capital	177,865	177,865	177,865	177,865
Treasury shares	(183)	(183)	(183)	(183)
Accumulated profits	118,666	144,792	148,971	181,844
Foreign currency translation reserve	23,564	22,775	42,114	41,084
Fair value reserve	(24,745)	(24,619)	(24,594)	(24,529)
Other reserve	(17,085)	(17,085)	-	-
<b>Equity attributable to the owners of the Company/Total equity</b>	<b>278,082</b>	<b>303,545</b>	<b>344,173</b>	<b>376,081</b>

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

	<b>As at 31.3.2020 RM'000</b>	<b>As at 30.9.2019 RM'000</b>
<b>Amount payable within one year</b>		
Bank borrowings	48,907	41,487
Finance lease payables	10,320	9,830
	<u>59,227</u>	<u>51,317</u>
<b>Amount payable after one year</b>		
Bank borrowings	189,120	146,259
Finance lease payables	20,057	18,804
	<u>209,177</u>	<u>165,063</u>
<b>Total</b>	<b><u>268,404</u></b>	<b><u>216,380</u></b>

The Group's bank borrowings as at 31 March 2020 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**

	6 months ended 31.3.2020 RM'000	6 months ended 31.3.2019 RM'000 (Restated)
<b>Operating activities</b>		
Loss before income tax from continuing operations	(22,290)	(15,098)
Loss before income tax from discontinued operations	(2,898)	(369)
Loss before income tax, total	(25,188)	(15,467)
Adjustments for:		
Loss allowance on receivables, net	551	264
Amortisation of intangible assets	229	355
Depreciation of property, plant and equipment	13,376	12,408
Depreciation of investment properties	241	241
Amortisation of right-of-use assets	11,926	-
Dividend income	-	(1)
Fair value gain on available-for-sale financial assets	-	(48)
Finance costs	9,789	3,332
Foreign currency exchange loss, net	841	(829)
Gain on disposal of property, plant and equipment	(95)	(1,416)
Gain on disposal of assets classified as held for sale	(174)	-
Intangible assets written off	5	-
Interest income	(151)	(191)
Net loss on disposal of Nutrition business and intangible assets	2,200	-
Property, plant and equipment written off	1,361	111
Right-of-use assets written off	11	-
Write back of allowance for write-down of inventories	(124)	-
Operating profit/(loss) before working capital changes	14,798	(1,241)
Working capital changes:		
Inventories	1,413	(1,722)
Trade and other receivables	(965)	(944)
Trade and other payables	603	6,306
Cash generated from operations	15,849	2,399
Interest paid	(868)	(896)
Income tax paid, net	(249)	(1,634)
<b>Net cash generated from/(used in) operating activities</b>	<b>14,732</b>	<b>(131)</b>
<b>Investing activities</b>		
Dividend received	-	1
Interest received	151	191
Proceeds from disposal of assets classified as held for sale	8,269	-
Proceeds from disposal of property, plant and equipment	295	2,177
Proceeds from disposal of Nutrition business and intangible assets (Note 1(c)(ii))	1,044	-
Purchase of intangible assets	(195)	(615)
Purchase of property, plant and equipment	(48,152)	(51,909)
<b>Net cash used in investing activities</b>	<b>(38,588)</b>	<b>(50,155)</b>
<b>Financing activities</b>		
Proceeds from Rights Issue	-	51,290
Transaction costs in respect of the Rights Issue	-	(878)
Net changes fixed deposits pledged to bank	(5)	(619)
Interest paid	(8,921)	(2,436)
Repayment of finance lease obligations	(5,621)	(4,843)
Repayment of lease obligations	(9,391)	-
Drawdown of bank borrowings	95,614	47,226
Repayment of bank borrowings	(45,548)	(26,922)
<b>Net cash generated from financing activities</b>	<b>26,128</b>	<b>62,818</b>

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

	<b>6 months ended 31.3.2020 RM'000</b>	<b>6 months ended 31.3.2019 RM'000 (Restated)</b>
Net change in cash and cash equivalents	2,272	12,532
Cash and cash equivalents at the beginning of the financial period	22,671	16,372
Effect of exchange rate changes	(61)	29
<b>Cash and cash equivalents at the end of the financial period</b>	<b>24,882</b>	<b>28,933</b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	25,116	28,933
Bank overdrafts	(234)	-
	<b>24,882</b>	<b>28,933</b>

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

			← Non-cash changes →		
	30.9.2019	Cash flows	Additions of property, plant and equipment	Foreign currency exchange	31.3.2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Finance lease payables	28,634	(5,621)	7,375	(11)	30,377
Bank borrowings (excluding bank overdrafts)	187,727	50,066	-	-	237,793
	216,361	44,445	7,375	(11)	268,170

			← Non-cash changes →		
	30.9.2018	Cash flows	Additions of property, plant and equipment	Foreign currency exchange	31.3.2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Finance lease payables	31,289	(4,843)	1,535	4	27,985
Bank borrowings (excluding bank overdrafts)	107,179	20,304	-	-	127,483
	138,468	15,461	1,535	4	155,468

### 1(c)(ii) Discontinued operations

On 20 March 2020, the Group disposed of its Nutrition business and intangible assets for a cash consideration of NZD400,000 (equivalent to approximately RM1,044,000).

In accordance with SFRS(I) 5: *Non-current Assets Held for Sale and Discontinued Operations*, the results from Nutrition Division were presented separately on the consolidated statement of comprehensive income as "Discontinued operations". Comparative figures have been restated to accordingly reflect the discontinued operations in the consolidated statement of comprehensive income. The discontinued operations do not have impact on the statements of financial position as at 1 October 2019.

The results of the discontinued operations are as follows:

	6 months ended 31.3.2020 RM'000	6 months ended 31.3.2019 RM'000 (Restated)
Revenue	8,198	11,483
Cost of goods sold	(4,995)	(5,914)
Gross profit	3,203	5,569
Other operating income	73	4
Administrative expenses	(1,929)	(2,092)
Selling and marketing expenses	(580)	(2,559)
Warehouse and distribution expenses	(969)	(1,025)
Research and development expenses	(208)	(229)
Other operating expenses	(288)	(37)
Loss before tax from discontinued operations	(698)	(369)
Income tax expense	(77)	92
Loss after tax from discontinued operations	(775)	(277)
Net loss on disposal of business and intangible assets (Note A)	(2,200)	-
<b>Loss from discontinued operations, net of tax</b>	<b>(2,975)</b>	<b>(277)</b>
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	321	(364)
<b>Total comprehensive income</b>	<b>(2,654)</b>	<b>(641)</b>

Note A: Net loss on disposal of Nutrition business and intangible assets:

	RM'000
Sale proceeds from Intellectual Property	261
Less: Carrying amount of Intellectual Property	(3,196)
Effect of exchange rate changes	(66)
Loss on disposal of Intellectual Property	(3,001)
 Sale proceeds from Business Agreement and Goodwill	 783
Effect of exchange rate changes	18
Gain on disposal of Business Agreement and Goodwill	801
 Net loss on disposal of business and intangible assets	 (2,200)

The effects of disposal of Nutrition business and intangible assets on cash flows are as follows:

	RM'000
Sale proceeds from Intellectual Property	261
Sale proceeds from Business Agreement and Goodwill	783
Net cash inflow on disposal	1,044

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

Group	Share capital	Treasury shares	Foreign currency translation reserve	Fair value 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
At 1 October 2019	177,865	(183)	22,775	(24,619)	(17,085)	144,792	303,545	-	303,545
Loss for the financial period	-	-	-	-	-	(26,126)	(26,126)	-	(26,126)
Other comprehensive Income:									
Exchange differences on translating foreign operations	-	-	789	(66)	-	-	723	-	723
Net fair value loss on financial assets at FVOCI	-	-	-	(60)	-	-	(60)	-	(60)
Total other comprehensive income	-	-	789	(126)	-	-	663	-	663
Total comprehensive income	-	-	789	(126)	-	(26,126)	(25,463)	-	(25,463)
At 31 March 2020	177,865	(183)	23,564	(24,745)	(17,085)	118,666	278,082	-	278,082
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	-	-	-	95	-	(623)	(528)	-	(528)
At 1 October 2018	127,453	(183)	23,821	-	(4,562)	147,770	294,299	(10,031)	284,268
Loss for the financial period	-	-	-	-	-	(14,372)	(14,372)	(876)	(15,248)
Other comprehensive Income:									
Exchange differences on translating foreign operations	-	-	(231)	-	-	-	(231)	(125)	(356)
Total other comprehensive income	-	-	(231)	-	-	-	(231)	(125)	(356)
Total comprehensive income	-	-	(231)	-	-	(14,372)	(14,603)	(1,001)	(15,604)
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)
At 31 March 2019	177,865	(183)	23,590	-	(4,562)	133,398	330,108	(11,032)	319,076

**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	Accumulated profits RM'000	Total equity RM'000
At 1 October 2019	177,865	(183)	41,084	(24,529)	181,844	376,081
Loss for the financial period	-	-	-	-	(32,873)	(32,873)
Other comprehensive income:						
Exchange differences on translation	-	-	1,030	(65)	-	965
Total other comprehensive income	-	-	1,030	(65)	-	965
Total comprehensive income	-	-	1,030	(65)	(32,873)	(31,908)
At 31 March 2020	177,865	(183)	42,114	(24,594)	148,971	344,173
At 1 October 2018	127,453	(183)	41,250	-	190,408	358,928
Loss for the financial period	-	-	-	-	(466)	(466)
Other comprehensive income:						
Exchange differences on translation	-	-	(2,517)	-	-	(2,517)
Total other comprehensive income	-	-	(2,517)	-	-	(2,517)
Total comprehensive income	-	-	(2,517)	-	(466)	(2,983)
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 31 March 2019	177,865	(183)	38,733	-	189,942	406,357

- 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 2019 and 31 March 2020      247,356,403      68,511      177,865

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

At 30 September 2019 and 31 March 2020      (242,000)      (76)      (183)

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 31 March 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.

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

At 30 September 2018 and 31 March 2019      (242,000)      (76)      (183)

The Company has 105,195,904 outstanding warrants as at 31 March 2020, convertible into 105,195,904 ordinary shares of the Company.

There were no subsidiary holdings held against the total number of shares outstanding as at 31 March 2020.

- 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 2020, the total number of issued shares less treasury shares of the Company was 247,114,403 shares (30 September 2019: 247,114,403 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 2020.

- 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 31 March 2020.

- 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 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 2019.

- 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) 16 Leases***

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases* in the financial year beginning on 1 October 2019 using the modified retrospective method, which requires lessees to capitalise all leases on the statements of financial position by recognising a 'right-of-use' assets and a corresponding lease liabilities for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, these lease assets will be amortised and the lease liabilities will be measured at amortised cost. On the date of initial application, the Group applied the transition approach and did not restate comparative amounts for the period prior to first adoption.

The nature of the expenses related to the leases will correspondingly change. Operating rental expenses previously recognised in the Consolidated Statement of Comprehensive Income will be replaced with amortisation of right-of-use assets and financial cost on lease liabilities.

Statements of Financial Position – Initial adoption

	1.10.2019 RM'000
Property, plant and equipment	(1,396)
Right-of-use assets	109,763
Lease liabilities	<u>(108,367)</u>

Consolidated Statement of Comprehensive Income

	6 months ended 31.3.2020 RM'000
	Increase/(decrease)
Rental expenses	(13,339)
Amortisation of right-of-use assets	11,926
Finance costs	<u>3,947</u>
	<u>2,534</u>

- 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.**

	<b>Group</b>	
	<b>Six months ended</b>	
	<b>31.3.2020</b>	<b>31.3.2019</b>

Continuing operations

Net loss attributable to owners of the Company for the financial year (RM '000)	(23,151)	(14,095)
Weighted average number of ordinary shares	247,114,403	174,587,683
Loss per share (RM sen)	(9.37)	(8.07)

Discontinued operations

Net loss attributable to owners of the Company for the financial year (RM '000)	(2,975)	(277)
Weighted average number of ordinary shares	247,114,403	174,587,683
Loss per share (RM sen)	(1.20)	(0.16)

- 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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31.3.2020</b>	<b>30.9.2019</b>	<b>31.3.2020</b>	<b>30.9.2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>

Net asset value per ordinary share based on issued share capital at the end of the financial year	1.13	1.23	1.39	1.52
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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) Food Services Division – Texas Chicken, San Francisco Coffee and Delicious;
- b) Trading and Frozen Food Division;
- c) Food Processing Division comprising of:
- bakery;
  - butchery; and
- d) Dairies Division – manufacturing and distribution of condensed and evaporated milk.

## **Performance Review**

### **Review on Consolidated Statement of Comprehensive Income**

The Group's revenue in the first half year rose RM12.2 million or 5.6% to RM229.3 million from RM217.1 million reported in the same period last year, underpinned by higher contribution from the Food Services Division. However, this was partially offset by lower contribution from the Food Processing and the Trading and Frozen Food Divisions.

The Food Services Division's top line inched up RM20.0 million or 19.3% to RM123.7 million from RM103.7 million in the preceding corresponding period, largely contributed from Texas Chicken restaurants and San Francisco Coffee chain. Texas Chicken Malaysia revenue jumped RM19.5 million or 24.5% from RM79.7 million to RM99.2 million on the back of 21 new stores and riding on its increasing brand awareness. San Francisco Coffee's top line edged up RM3.3 million or 18.8% to RM20.9 million from RM17.6 million with additional one store. However, these increases were offset by the lower revenue achieved during the Movement Control Order (MCO) period from 18 to 31 March 2020, coupled with the disposal of six Texas Chicken outlets in Indonesia on 1 October 2019 with RM1.5 million revenue generated in last year and lower contribution from the Delicious restaurants of RM1.3 million.

The number of stores of each business are as follows:

	As at 31.3.2020	As at 31.3.2019
Texas Chicken		
- Malaysia	71	50
- Indonesia	-	3
San Francisco Coffee	52	51
Delicious restaurants	3	3

Revenue of the Dairies Division climbed RM1.5 million or 8.1% to RM20.0 million from RM18.5 million due to higher sales volume.

The Trading and Frozen Food Division registered a lower revenue of RM73.3 million as compared to RM76.6 million recorded in the preceding corresponding period, down by RM3.3 million or 4.3% mainly attributed to lower sales from hotel and restaurant businesses due to drop in tourists arrival caused by Covid-19 pandemic that had spread to more than 200 countries. In addition, many hotels and restaurants were closed during the MCO period since mid-March 2020.

The Food Processing Division reported dip in revenue of RM6.2 million or 33.7% to RM12.2 million from RM18.4 million in the preceding corresponding period, mainly attributed to the disposal of contract packing for dairy and juice based drinks business in May 2019 which generated RM6.5 million revenue in the preceding corresponding period. This was partially mitigated by the better performance of the frozen bakery business with revenue growth of RM1.1 million or 10.0%, from RM11.0 million to RM12.1 million driven by the growing number of local and overseas customers. However, frozen bakery sales started to slide down starting from February 2020 owing to the outbreak of Covid-19 and many hotels and restaurants were closed since the implementation of MCO.

The improvement of gross profit margin from 37.8% to 40.9% was primarily due to higher sales contribution from the Food Services Division which derives better margin from its products.

Other operating income lower by RM0.6 million or 16.9%, from RM3.5 million to RM2.9 million mainly due to the absence of RM1.4 million one-off gain on disposal of a warehouse.

Operating expenses grew RM11.8 million or 12.0% to RM109.1 million from RM97.3 million owing to 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 from the disposal of six Texas Chicken outlets in Indonesia and lower administrative expenses. Other operating expenses increased by RM2.5 million was mainly attributed to foreign currency fluctuation loss of RM1.2 million and property, plant and equipment written-off of RM1.1 million.

Finance costs increased by RM6.5 million or 193.8% from RM3.3 million to RM9.8 million mainly attributed to RM3.9 million lease interest from the adoption of SFRS(I) 16 Leases. In addition, the term loans interest climbed up RM2.6 million as a results of higher bank borrowings to finance the new factories and setting up new stores.

Income tax expense of RM0.9 million compared to income tax credit of RM0.1 million in the previous corresponding quarter was mainly attributable to tax losses recognised as deferred tax assets in the previous corresponding period.

On 20 March 2020, the Nutrition Division has disposed of its business and intangible assets. Its results have been accounted for as discontinued operations and a loss of RM2.2 million arising from this disposal has been reflected in the statement of comprehensive income.

Consequently, the Group recorded a loss after tax of RM26.1 million as compared to RM15.2 million reported in the preceding corresponding period.

#### **Review on Statements of Financial Position**

Non-current assets increased by RM150.7 million from RM473.0 million to RM623.7 million mainly due to recognition of right-of-use assets of RM117.3 million as a result of the adoption of new accounting standard SFRS(I) 16 *Leases* on 1 October 2019. Property, plant and equipment increased by RM49.9 million largely due to the construction of new factories at Pulau Indah and setting-up costs for new stores.

Current assets (excluding non-current assets classified as held for sale) increased by RM1.3 million mainly due to increase in cash and bank balances of RM2.4 million, increase in trade and other receivables of RM1.1 million. These were partially offset against the reduction in inventories of RM1.4 million largely owing to the disposal of inventories from Nutrition Division and lower tax recoverable of RM0.7 million.

Current liabilities increased by RM20.8 million mainly due to recognition of lease liabilities of RM14.8 million as a result of the adoption of new accounting standard SFRS(I) 16 *Leases*. In addition, the higher bank borrowings of RM7.4 million were due to construction of new factories and expansion of restaurant businesses.

Non-current liabilities increased by RM147.6 million was primarily attributed to lease liabilities of RM103.1 million as a result of the adoption of new accounting standard SFRS(I) 16 *Leases*. Furthermore, bank borrowings and finance lease payables increased by RM42.9 million and RM1.3 million, respectively to finance the construction of new factories and setting-up new stores.

The Group had a negative working capital of RM25.5 million as at 31 March 2020. The Group actively manages the fund and ensure it is able to meet the short-term debts obligation as and when they fall due with the followings:

- i) The Group has available unutilised credit facilities and new credit facilities;
- ii) The Group was granted a moratorium payment for certain term loans and hire purchase payables for six months commencing from 1 April 2020 from the financial institutions due to the Covid-19 outbreak and the MCO. The Group has also obtained the extension of maturity date for certain trade bills and conversion of outstanding trade finance liabilities to temporary term loans for the next six months repayment period; and
- iii) The Group is slowing down the expansion of its fast food business and coffee chain, coupled with the implementation of cost control measurement in order to conserve cash and increase cash flow for its future operations.

#### **Review on Consolidated Statement of Cash Flows**

The Group's cash and cash equivalents stood at RM24.9 million for the current financial period ended 31 March 2020, a decrease of RM4.0 million from RM28.9 million recorded in the preceding corresponding period.

Net cash generated from operating activities of RM14.7 million was attributed to operating profit of RM14.8 million, reduction in inventories of RM1.4 million and increase in trade and other payables of RM0.6 million. These were partially offset by the increase in trade and other receivables of RM1.0 million, payment for interest and tax of RM1.1 million.

Total cash of RM48.2 million was invested in the construction of new factories and for expansion of existing businesses, partly offset by the proceeds received from the disposal of Texas Chicken Indonesia stores and Nutrition business of RM8.3 million and RM1.0 million, respectively. These have resulted the net cash of RM38.6 million used in investing activities.

Financial activities registered a net inflow of RM26.1 million mainly from the drawdown of bank borrowings of RM95.6 million which was partly utilised for financing the construction of new factories and expansion of existing businesses, repayment of bank borrowings of RM45.5 million, repayment of finance lease liabilities of RM5.6 million, lease liabilities of RM9.4 million and interest payment of RM8.9 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**

The recent Coronavirus ("Covid-19") outbreak and implementation of the Movement Control Order ("MCO") since 18 March 2020 is expected to adversely impact the operation and results of Texas Chicken and San Francisco Coffee chains ("SF") for the next 12 months.

Due to the MCO, Texas Chicken was only able to operate 61 of its outlets while the remaining 10 outlets were temporarily closed during that period. For those in operation, it only provides delivery, takeaway and drive-through services with reduced operating hours. Consequently, Texas Chicken topline for the current quarter has been impacted by approximately 6% as compared to the previous quarter. However, the operation of the delivery and takeaway sales for the month of March 2020 has increased by about 40%. To be competitive in the crowded delivery business, Texas Chicken is collaborating closely with its delivery partner, GrabFood in launching various Limited Time Offer ("LTO") campaigns.

To mitigate the impact on the bottom line, Texas Chicken has implemented comprehensive plan such as minimising the overtime claim and temporary ceasing hiring of workers to reduce operation costs and to review the forecast sales to ensure the supply is available and sufficient for operation during MCO. The restaurants also maximised labor efficiency by scheduling crew rosters according to Labor Matrix and deploying "Aces in Places" (most efficient crews posted in their respective stations).

In addition, Texas Chicken has managed to obtain rental reliefs ranging from rental waiver on the base rental during MCO to rental waiver up to 30% from April 2020 to June 2020 for 30 outlets to-date and is in the process of negotiation for the remaining 41 outlets. Furthermore, Texas Chicken is in the process to rationalise the number of hostels by closing down under-utilised units during this Covid-19 period.

Prices of some imported products for Texas Chicken have increased due to the weakening of the Malaysian Ringgit against the United States Dollar. However, the increase has no material impact on the overall margin. Competition within the fast-food chain remains intensified due to competitors having launched the seasonal menu and offer value meals to retain customers. To stay competitive, Texas Chicken has introduced innovative products with bundled offers to sustain and increase consumers' interest and awareness of its products and brand.

Texas Chicken's stores count reached 71 after the latest store opening at Kompleks PKNS Bangi at Selangor in February 2020. For the next 12 months, any new opening of store will be dependent on the situation of the Covid-19 and the consumer sentiment.

For SF, the outlets have been badly affected by the ongoing Covid-19 pandemic while competing with other cafes offering discounts through food delivery platforms, e-commerce websites as well as social media sites. During the MCO, only 31 outlets were operating on delivery and takeaway services at reduced operating hours, while the remaining 21 outlets have ceased operations temporarily. Consequently, SF overall revenue has dropped by approximately 14% for the current quarter as compared to the previous quarter.

To mitigate the impact of Covid-19, SF has taken action to minimise the operating hours both in the central kitchen and warehouse to reduce overhead and utilities expenses. SF has also stopped engaging part-time workers and eliminated overtime to reduce operating costs. In addition, SF has managed to obtain rental rebate reliefs ranging from free base rent during MCO period to rental waiver up to 50% for March and April 2020 for 24 outlets to-date and it is in the process of negotiation for the other 24 outlets.

Prices of raw materials have been stable except for imported raw coffee beans which has a slight increase due to the weakening of Malaysian Ringgit against the United States Dollar. However, the impact is insignificant to the overall margin. To be competitive, SF has realigned the menu for both drinks and food commencing March 2020. The slow-moving items have been removed and

prices have been revised for the existing items. SF has also offered some LTO exclusively for delivery and exploring impulse purchase items to stay competitive.

SF has a total of 52 stores as of the current quarter. There has been no new store opening after the latest store at Menara Prudential in November 2019. Due to the current economic situation, SF is not expected to open any new store for the next 12 months other than those stores that are in progress prior to Covid-19 outbreak.

Due to the adverse impact of Covid-19 pandemic and the implementation of the MCO, management has decided to cease the operation of Delicious restaurant outlets by 31 May 2020.

#### **b) Trading and Frozen Food Division**

The revenue of Pok Brothers has been affected badly due to the impact of Covid-19 and the MCO. The MCO has impacted adversely, particularly, hotels and restaurant businesses. All events in the hotels have been cancelled and the upcoming Ramadhan booking is on hold due to the uncertainty on the extension of MCO. However, the retail business has shown improvement due to the unprecedented demand during the MCO period. Consequently, the topline has reduced by approximately 20% as compared to the previous quarter.

The general all-round consumer sentiment would be weak immediately after the MCO, assuming the MCO gradually eased off from May 2020. In the next six to nine months, consumers will adopt a wait and see attitude to be sure of whether they have a reduction in income before they decide to spend.

To mitigate the impact of Covid-19, Pok Brothers will consider to rollover or cancel some orders from overseas suppliers and reduction in overtime and other operating expenses.

The weakening of Malaysian Ringgit against the United States Dollar has resulted in an increase in prices of certain food costs mainly due to Covid-19.

#### **c) Food Processing Division**

##### **(i) Bakery**

The local and export sales of bakery have been adversely impacted by the Covid-19 pandemic. As a result, the topline has dropped approximately 23% as compared to the previous quarter. To counter the slowdown in local sales, Deluxe has started the home delivery channel to increase sales during the MCO to mitigate the reduction in sales in the traditional channel. This is a new channel of delivering products within Klang Valley where customers can place an order via e-mail or WhatsApp Messenger.

Similarly, the export market was also impacted badly by the pandemic situation as China's business had slowed down. A customer from Singapore had reduced the order due to the reduction in demand. In Philippine, Deluxe had successfully launched Hearty Bake products including bake-off and promoting the brands that contributed 25% to the topline in the export sector.

The whole bakery market has been impacted adversely by the unforeseen pandemic. To mitigate the impact, the effort has been intensified to secure another oversea distributor. Additionally, Deluxe had reduced the operation to one shift with a minimum number of workforce that would reduce the cost of meals and to lower electricity usage. In addition, it also negotiated on reduction in foreign workers' rates to the minimum wage rates.

For the next 12 months, bakery business is not expected to improve as the hotel and restaurant business have been badly impacted by Covid-19.

##### **(ii) Butchery**

The revenue of Gourmessa has dropped significantly by approximately 30% for the current quarter as compared to the previous quarter as most restaurants and hotels have been close during the MCO period. However, the sales from retail increased by approximately 50% because the consumers were panic buying large quantities of groceries in reaction to the Covid-19 pandemic. The production workers have been reduced by 50% due to the enforcement imposed during the MCO, resulting in reduced production of retail packs which are in great demand. To mitigate the impact, Gourmessa had made immediate changes by reducing non-production staff to come on an alternate day to increase more production workers for retail trade. In addition, Gourmessa has also taken action to cut down the daily

operating expenses such as no overtime unless it is necessary, reduce electricity as well as negotiate with suppliers on rebate and discount.

The extension of MCO has further delayed the audit from the local authorities to move to the Pulau Indah facilities.

Moving forward, the next twelve months will be very challenging to increase the revenue, unless there is an overall improvement in the Covid-19 crisis.

**d) Nutrition Division**

It was announced on 11 February 2020 that Naturalac Nutrition Limited, a wholly-owned subsidiary of the Envictus International Holdings Limited, has entered into a conditional sale and purchase agreement for the proposed disposal of business and assets of Naturalac Nutrition Limited for a total consideration of NZD400,000 by way of cash.

The proposed disposal of the business and assets of Naturalac Nutrition Limited has been completed on 20 March 2020.

**e) Dairies Division**

The price for Evaporated Creamer ("EC") is stable for the past twelve months. However, the selling price for Sweetened Creamer ("SC") has been low as competitors are promoting periodically to gain more market share, especially during the economic slowdown. To mitigate the impact, Dairies started the promotion of EC in March 2020 as demand has increased due to the preparation of Hari Raya in the coming month of May 2020.

With the implementation of MCO on 18 March 2020, sales have been impacted due to the slower movement in the market as most of the eateries are closed during MCO. The sales in March 2020 as compared to the previous year has dropped by 4%. We expect consumer sentiment to be dampen after the MCO where people will practice social distancing and lesser crowd at eateries and lesser gathering. Dairies will be reviewing the e-commerce businesses that would sell the products to the end-users via online shopping platforms in order to increase sales to mitigate for the loss during MCO period.

Raw material price is expected to continue to rise over the next 3 to 6 months due to the impact of Covid-19. Dairies would have better costing control once the new dairy manufacturing factory is set up.

**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 period ended 31 March 2020 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:

<b>Intended Use of Net Proceeds</b>	<b>Revised Amount Allocated # S\$'000</b>	<b>Revised Amount Allocated RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Balance Amount RM'000</b>
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	-
<b>Total</b>	<b>16,531</b>	<b>50,412</b>	<b>50,412</b>	<b>-</b>

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

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

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 unutilised 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.

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

We, Dato' Kamal Y P Tan and Dato' Jaya J B Tan, being two directors of the Company, do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the half year results for the financial period ended 31 March 2020 to be false or misleading in any material respect. A statement signed by us is on record.

**16 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

DATO' KAMAL Y P TAN  
Acting Group Chief Executive Officer

14 May 2020