ENVICTUS

DRIVING OUR COMPETITIVE EDGE

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

ANNUAL REPORT 2018



HORLEYS elite
ICE
HORLEYS
HORLEYS elite
100%
WHEY
PLUS
PROTEIN MATRIX: WPC + WPI
HORLEYS
sculpt
HORLEYS
sculpt
74%
SF
COFFEE
Texas
Johan
Johan
Krimer Manis

TABLE OF CONTENTS

2	Corporate Profile
7	Key Milestones
12	Message from the Chairman
16	Review of Operations
24	Financial Highlights
26	Risk Factors
30	Group Structure
31	Corporate Information
32	Board of Directors
35	Key Management
38	Corporate Governance
52	Financial Statements
141	Statistics of Shareholdings
143	Statistics of Warrantholdings
144	Notice of Annual General Meeting
	Proxy Form

CORPORATE PROFILE

Listed on SGX Catalist (previously known as the SGX-SESDAQ) on 23 December 2004 and upgraded to the Mainboard on 18 June 2009, Envictus International Holdings Limited ("Envictus" or the "Group"), is an established Food and Beverage ("F&B") Group. The Group has an established portfolio of businesses and brands operating under its key business divisions.

Founded in 1997, the Group started as a manufacturer and distributor of sweetened condensed milk and evaporated milk, and in the years following its listing, has evolved into a diversified F&B player following several acquisitions. In June 2014, the Group unlocked shareholders' value in the business through the disposal of its investment in the Dairies and Packaging divisions and relevant intellectual properties to Asahi Group Holdings Southeast Asia Pte. Ltd.

In 2018, the Group expanded its portfolio through the completion of the acquisition of Motivage Sdn Bhd ("Motivage"), a company specialising in food processing and trading in consumable products. Motivage brings along with it the registered trademarks of "Motilait" and "Family Farm", which the Group intends to supply products under its new Dairies Division.

The Group's business divisions comprise Food Services (Texas Chicken, San Francisco Coffee and The Delicious Group), Trading and Frozen Food, Food Processing, Nutrition and Dairies. The Food Processing Division's business segments include Bakery, Butchery, Beverages and Contract Packing for Dairy and Juice-based drinks.

Envictus' operating facilities are located in Malaysia, Indonesia and New Zealand. Apart from Malaysia, the Group's products can also be found in 13 other countries including Australia, New Zealand, China, Japan, Dubai, Cambodia, Singapore and Indonesia. The Group's products are traded under various brand names such as San Francisco Coffee, Gourmessa, Hearty Bake, Horleys, Sculpt, Replace, Covet and Delicious.

Helmed by an experienced management team of industry veterans who possess a wide range of expertise in strategic planning, business development, operational and production skills, the Group is well-positioned to tap on its established standing in the F&B industry to further enhance its strong brand names.

TRADING AND FROZEN FOOD

With over 50 years of track record, Pok Brothers Sdn Bhd ("Pok Brothers") is a household name and is also one of Malaysia's leading frozen food and premium food wholesaler. Pok Brothers started as a general store business in Petaling Jaya in 1963 and since then has successfully transformed into a leading frozen food company in Malaysia. As a premium food wholesaler, Pok Brothers imports and distributes food products, in both raw and processed forms, focusing on the hospitality and consumer-based food industries. Its products include frozen/chilled meats, dairy products, seafood and condiments, amongst many others. Pok Brothers has an extensive client base which includes major 5-star hotels, airlines, cruise ships, hyper/supermarkets, bakeries, butcheries, fast food chains, grocery stores, food processors and other wholesalers. With the sole distributor rights to major imported brands such as Lamb-Weston, Emmi, Devondale, Dr. Oetker and Lakeland Dairies Limited, Pok Brothers is also an appointed importer and distributor of proprietary goods for several American restaurant chains in Malaysia.

Most of Pok Brothers' supplies are sourced internationally, namely the United States, Europe, Australia, New Zealand and Brazil.

Operating out of Glenmarie, Shah Alam and Selangor Halal Hub, Pulau Indah in Selangor, Pok Brothers has branches in Penang, Johor, Pahang and Langkawi to encompass the length and breadth of Peninsular Malaysia. All facilities are equipped with cold room and dry store functions as well as refrigerated trucks.

CORPORATE PROFILE

FOOD SERVICES DIVISION

Texas Chicken

On 10 July 2012, the Group signed an exclusive 10-year International Multiple Unit Franchise and Development Agreement with US-based Cajun Global LLC for exclusive rights to develop and operate Texas Chicken restaurants in Malaysia and Brunei from 2013 to 2022. This marked its maiden foray into the fast food segment. The restaurants serve American-style, big juicy full-flavoured fried chicken, french fries, honey butter biscuits, mashed potatoes, coleslaw, burgers and sundae, to name a few.

This partnership has expanded Envictus' portfolio and enabled the Group to tap on synergistic opportunities in its existing Trading and Frozen Food Division. In addition, this downstream expansion is part of Envictus' growth strategy to increase the presence of its identity and brand in key markets such as Malaysia and neighbouring countries in Asia.

Texas Chicken sets itself apart from the competition by ensuring freshness of its products at all times. This is done by stringent quality control and sourcing only the best ingredients – spices and seasoning are imported directly from the United States and chickens are procured fresh from local farms.

Since the opening of the first flagship outlet at Aeon Bukit Tinggi Shopping Centre in Bandar Bukit Tinggi township, Klang on 31 January 2013, Envictus has leveraged on the robust demand for the Texas Chicken restaurant concept by growing its presence at a considerable pace to reach a total of 49 outlets in Malaysia as of 6 December 2018. New outlets opened between 1 October 2017 to 6 December 2018 are as follows:

Locations	1 Oct 2017 - 6 Dec 2018
Bandar Baru Ampang	23 October 2017
One Utama	27 October 2017
KLCC	29 November 2017
Skyavenue, Resorts World Genting	28 December 2017
Kulim Central, Kedah	16 January 2018
Sunshine Square, Bayan Baru, Penang	8 February 2018
Soho Ipoh	13 February 2018
D'Cattleya, Senawang	25 April 2018
Johor Bahru City Square	27 June 2018
Sungai Petani, Kedah	1 November 2018
Wisma Fui Chiu	21 November 2018

Following the success of the Texas Chicken restaurants in Malaysia, the Group had on 12 June 2018 further entered into an International Multiple Unit Franchise and Development Agreement with Cajun Global LLC to develop 80 Texas Chicken restaurants in West Java, Jakarta, Banten, Lampung, South Sumatra and Bengkulu in Indonesia for 10 years from 2018 to 2027. The Group has opened outlets in Green Pramuka Square, Mall@Bassura and Plaza Festival.

CORPORATE PROFILE

San Francisco Coffee

On 28 March 2016, Envictus acquired 85% shareholding in Lyndarahim Ventures Sdn Bhd ("LVSB") which holds 100% investment in San Francisco Coffee Sdn Bhd ("SFCSB"), a specialty coffee chain business with 28 specialty outlets and 2 licensed outlets that serve house-roasted coffee in Malaysia. Envictus acquired the remaining 15% shareholding in LVSB on 19 August 2016. SFCSB currently operates 47 wholly-owned specialty coffee outlets in prominent office buildings and malls. New outlets opened between 1 October 2017 to 6 December 2018 are as follows:

Locations	1 Oct 2017 - 6 Dec 2018
Sungai Buloh	22 November 2017
Arcoris, Mont' Kiara	3 January 2018
Gamuda Walk Mall	7 April 2018
Gurney Plaza, Penang	25 June 2018
KL Gateway	8 September 2018
The Gardens Mall	16 September 2018
Tamarind Square	26 September 2018
KL Eco City	27 September 2018
Capital City Mall	17 October 2018
Selangor Bio Bay	22 October 2018

Through this strategic acquisition, SFCSB enjoys lower costs from internal sourcing within the Group from the Bakery and Butchery businesses in the Food Processing Division. At the same time, these divisions derive synergistic benefits from higher production output through the supply of its premium products to complement the specialty coffee chain business.

One of the major initiatives undertaken following the acquisition is a rebranding exercise that was completed on 8 August 2017. This initiative enables SFCSB to become more competitive in the industry while maintaining the brand assurance of high-quality coffee.

Upon completion of the rebranding, SFCSB has taken initiatives during the financial year 2018 to expand its central roasting plant and kitchen to support the growing number of stores. The expansion will be completed in December 2018.

The Delicious Group

The acquisition of The Delicious Group ("Delicious") was completed on 21 December 2016. Post-acquisition, a rebranding exercise of Delicious into a new lifestyle restaurant serving hearty Western and Asian-fusion cuisine was implemented. The name Delicious was maintained as it is well-known and holds sentimental value for the management of Envictus as it has garnered a strong reputation for high quality food and excellent presentation at reasonable prices.

The concept of Delicious is one of a wholesome dining experience – good food accompanied by great ambience. Each of the three 'Grand Café' restaurants located at St. Mary Place, Bangsar Village II and One Utama are designed differently, as each offers its own personality with different colours and themes.

CORPORATE PROFILE

NUTRITION

In February 2007, the Group added Naturalac Nutrition Limited ("NNL") to its portfolio of brands. NNL is a marketer of branded sports nutritional food and beverages including products under the Horleys™ brand name and other proprietary brands such as Sculpt™ (a weight management product tailored for women), Covet™ (a range of nut milks) and Replace™ (an isotonic sports drink in powdered format).

NNL became a "virtual" company in 2002, which enabled its management to focus efforts on key areas of marketing and product development while outsourcing many of its key functions including manufacturing, distribution and selling to third party providers. This lean business model has provided NNL with the needed flexibility and speed in delivering high quality products to its customers, while focusing and leveraging on its key competency in product development, advertising and promotion and customer service. This model has reduced the need for substantial resources required for setting up of processing and production centres. In addition, NNL has been able to significantly shorten the time required for product development, from concept to market, providing it an edge over competitors.

In New Zealand, NNL's products are primarily distributed through retail channels (supermarkets, oil and convenience retail outlets) along with the traditional route channels (gyms, health food shops, specialty stores and specialty nutrition shops) whilst its Australian sales are made predominantly through the route channels.

FOOD PROCESSING DIVISION

Bakery

De-luxe Food Services Sdn Bhd, located in Meru, Klang, manufactures premium frozen bakery products for supply to hotels, retail, entertainment, convenience stores, airline and caterers under its brand name Hearty Bake. It also supplies its products to Subway Malaysia, TGIF Japan, Singapore and China. Hearty Bake products are produced in different fabrication stages, called convenience levels, in order to better cater to the needs of customers. Customers have the option to buy raw dough, par-baked, pre-proven and thaw-and-serve bakery products.

Butchery

Gourmessa Sdn Bhd ("Gourmessa"), located in Glenmarie, Shah Alam, manufactures and processes cold cuts, sausages, portion control meat and smoked salmon for distribution to supermarkets, hotels and restaurants. Its Gourmessa brand of quality cold cuts and sausages are well distributed and displayed in most supermarkets and hypermarket chains across Malaysia. Gourmessa has plans to expand into the export market.

To better accommodate increased demand, plans were put in place for relocation of the manufacturing facility to Selangor Halal Hub, Pulau Indah, which is equipped with bigger production facilities. Construction of the new facility was completed in October 2017 and Gourmessa will be relocating to its new manufacturing facility in December 2018, after obtaining the relevant certification and approval. The Group is in the process of seeking approvals from the Department of Islamic Development in Malaysia (JAKIM), Department of Veterinary Services (DVS) and Ministry of Health to commence full production, targeted in December 2018. Meanwhile, production will continue in Glenmarie during this transition period.

CORPORATE PROFILE

Contract Packing

The Group entered into the ready-to-drink segment by way of joint venture ("JV") partnership in Envictus Dairies NZ Limited ("EDNZ") with four local shareholders to establish New Zealand's first state-of-the-art, UHT Aseptic PET bottling line for dairy, juice and water products with the official opening of its plant on 1 September 2011. Since then, EDNZ has built a solid platform for Aseptic PET contract bottling for a range of approximately 20 large and small clients. In addition, EDNZ has developed significant intellectual property in the area of contract packing and bottling operations and other unique competencies.

The plant, located at Whakatu Industrial Park, is ideal for bottling operations with its existing resources, including substantial bore water rights, trade waste discharge rights and close proximity to Napier Port.

While the plant currently produces dairy milk, pet milk (a lactose-free formulation suitable for consumption by pets), fruit juice and nut milks, the plant also continues to focus on new product offerings to meet the increase in consumer demand for more aseptically bottled beverages.

DAIRIES DIVISION

The Group's new Dairies Division commenced business in January 2018 and is primarily involved in the distribution of sweetened creamer and evaporated creamer.

The Group had recently acquired Motivage, a company with its principal activities being food processing and trading in consumable products and property holdings and investments. Motivage also has a manufacturing license to produce dairy products including sweetened condensed milk, evaporated milk, milk powder, sterilised milk and tin cans. The acquisition of Motivage will allow the Group to leverage on the registered trademarks "Motilait" and "Family Farm" and to gain a foothold in the dairies industry.

With the dairy manufacturing factory at Pulau Indah currently under construction and expected to be operational by the end of 2019, the Group has started distributing of sweetened condensed milk and evaporated milk via a contract packing arranged with an original equipment manufacturer in Malaysia. Sales and marketing of the products are done directly via its sales team in Peninsular Malaysia and via appointed distributors in East Malaysia.

The Group will continue to explore opportunities to grow the Dairies Division, through exporting the manufactured products to overseas markets and distribution of other dairy products.

KEY MILESTONES

2004

| DECEMBER

Etika International Holdings Limited ("EIHL") was listed on SGX-SESDAQ (now known as SGX Catalist) on 23 December 2004.

2006

| FEBRUARY

Made first acquisition pursuant to listing - Pok Brothers Group - one of Malaysia's leading frozen food and premium food wholesaler, on 8 February 2006, vide our wholly-owned subsidiary, Etika Foods (M) Sdn Bhd.

2007

| FEBRUARY

Acquired NNL based in New Zealand vide our wholly-owned subsidiary, Etika (NZ) Limited on 8 February 2007.

| JULY

Completed acquisition of a canned beverage manufacturing plant by Etika Beverages Sdn Bhd on 3 July 2007.

2009

| MARCH

Entered JV in New Zealand vide Etika Dairies NZ Limited, our newly incorporated subsidiary in New Zealand for an initial stake of 50.7% on 18 March 2009, which was later increased to 60.7% in December 2009.

2009

| JUNE

Upgraded to SGX Mainboard on 18 June 2009.

2010

| OCTOBER

Acquired 100% equity interest in Family Bakery Sdn Bhd, Daily Fresh Bakery Sdn Bhd and Hot Bun Food Industries Sdn Bhd on 1 October 2010; made entry into the manufacturing and distribution of fresh baked breads and buns.

2012

| JULY

Signed an International Multiple Unit Franchise Agreement with US-based Cajun Global LLC on 10 July 2012 for exclusive rights to develop and operate Texas Chicken restaurants in Malaysia and Brunei over next 10 years from 2013 to 2022.

2013

| JANUARY

Increased equity holding in Etika Dairies NZ Limited from 60.7% to 63.4% vide a wholly-owned subsidiary, Etika (NZ) Limited on 18 January 2013.

| MARCH

Increased equity holding in Pok Brothers (Johor) Sdn Bhd from 81.8% to 100% vide a wholly-owned subsidiary of the Group, Pok Brothers Sdn Bhd, on 25 March 2013.

2014

| FEBRUARY

Increased equity holding in Etika Dairies NZ Limited from 63.4% to 72.3% vide a wholly-owned subsidiary, Etika (NZ) Limited on 27 February 2014.

| JUNE

Change of name of its wholly-owned subsidiary, Etika Beverages Sdn Bhd to Polygold Beverages Sdn Bhd with effect from 10 June 2014.

Disposed dairies and packaging businesses and the relevant intellectual property to Asahi Group Holdings Southeast Asia Pte Ltd on 30 June 2014 for US$328,787,704.

| JULY

Acquisition of two shelf companies, Polygold Foods Sdn Bhd ("PFSB") and Polygold Marketing Sdn Bhd ("PMSB") by Etika Industries Holdings Sdn Bhd on 1 July 2014. The principal activity of PFSB is manufacturing of food products whereas PMSB's principal activity is marketing and distribution of F&B products.

Change of company name of Etika International Holdings Limited to Envictus International Holdings Limited with effect from 15 July 2014.

Change of names of subsidiaries in Malaysia with effect from 16 July 2014 as follows:

(a) From Etika Foods (M) Sdn Bhd to Envictus Foods (M) Sdn Bhd

(b) From Etika Industries Holdings Sdn Bhd to Polygold Holdings Sdn Bhd

KEY MILESTONES

2014

| AUGUST

Change of name of its wholly-owned subsidiary, Etika IT Services Sdn Bhd to Envictus IT Services Sdn Bhd with effect from 14 August 2014.

| SEPTEMBER

Acquired a shelf company Glenland Sdn Bhd on 3 September 2014. Its principal activity is investment holding.

| OCTOBER

Acquired a shelf company Gourmessa Sdn Bhd by Envictus Foods (M) Sdn Bhd on 1 October 2014. Its principal activity is manufacturing and distribution of convenient value-added frozen food.

Change of names of subsidiaries in New Zealand with effect from 23 October 2014 as follows:

(a) From Etika (NZ) Limited to Envictus NZ Limited

(b) From Etika Dairies NZ Limited to Envictus Dairies NZ Limited

| NOVEMBER

Change of names of subsidiaries as follows:

(a) From Etika Capital (Labuan) Inc. to Envictus Capital (Labuan) Inc. with effect from 29 October 2014

(b) From Etika Foods International Inc. to Envictus Foods International Inc. with effect from 29 October 2014

(c) From Etika Brands Pte Ltd to Envictus Brands Pte Ltd with effect from 11 November 2014

2015

| JANUARY

The Butchery business of DFSSB was transferred to Gourmessa Sdn Bhd on 8 January 2015

| MAY

The Company transferred 100% of its equity interest in Polygold Beverages Sdn Bhd to Polygold Holdings Sdn Bhd on 18 May 2015

| JUNE

The Group had an internal group restructuring exercise to streamline its Trading and Frozen Food and Others Divisions.

The Group structure was reorganised as follows:

(a) Envictus Foods (M) Sdn Bhd ("EFMSB") transferred 100% of its equity interest in Family Bakery Sdn Bhd to De-luxe Food Services Sdn Bhd ("DFSSB") on 1 June 2015

(b) EFMSB transferred 100% of its equity interest in Hot Bun Food Industries Sdn Bhd to Platinum Appreciation Sdn Bhd on 1 June 2015

(c) Pok Brothers Sdn Bhd transferred 100% of its equity interest in DFSSB to EFMSB on 1 June 2015

(d) EFMSB transferred 100% of its equity interest in Daily Fresh Bakery Sdn Bhd to DFSSB on 23 June 2015

2015

| OCTOBER

Acquired leasehold property with a 99-year lease expiring on 26 May 2067 located at 11, Jalan 225, 46100 Petaling Jaya, Selangor Darul Ehsan from Continental Oasis Sdn Bhd to cater for future office space requirement.

| NOVEMBER

Acquired a shelf company Dominade Marketing Sdn Bhd by EFMSB on 17 November 2015. Its principal activity is wholesaling and trading of food products.

| DECEMBER

Polygold Beverages Sdn Bhd, acquired eight plots of land with 99-year lease expiring on 24 February 2097 in Selangor Halal Hub, Pulau Indah on 10 December 2015.

Platinum Appreciation Sdn Bhd ("PASB"), a wholly-owned subsidiary of the Company, together with Brothers Coffee Ventures Sdn Bhd, entered into a conditional sale and purchase agreement with Prinsip Lagenda Sdn Bhd and Datuk Abdul Rahim bin Mohd Zin on 14 December 2015 to acquire the entire issued and paid-up share capital of LVSB in relation to the acquisition of San Francisco Coffee Sdn Bhd.

KEY MILESTONES

2016

| FEBRUARY

On 12 February 2016, the Company completed its share consolidation exercise of every five existing issued ordinary shares into one ordinary share in the capital of the Company for compliance with minimum trading price of S$0.20 as a continuing listing requirement for issuers listed on the Mainboard of SGX-ST.

| MARCH

PASB completed 85% acquisition of the entire issued and paid-up share capital of LVSB on 28 March 2016.

| JUNE

Change of name of wholly-owned subsidiary, Platinum Appreciation Sdn Bhd to Envictus Food Services Sdn Bhd with effect from 21 June 2016.

| AUGUST

Envictus Food Services Sdn Bhd increased its shareholding in LVSB from 85% to 100% on 19 August 2016 by acquiring the balance of 15% from Brothers Coffee Ventures Sdn Bhd.

| SEPTEMBER

Incorporation of new subsidiary company in Singapore known as Envictus QSR Pte Ltd on 6 September 2016 for investment holding purposes.

| NOVEMBER

Envictus Food Services Sdn Bhd, a wholly-owned subsidiary of the Company, acquired Delicious, which is engaged in the business as a café and restaurant operator on 30 November 2016.

2017

| MARCH

Incorporation of new subsidiary in Indonesia, PT Quick Service Restaurant ("PTQSR") on 21 March 2017 following the subscription of its shares by the Company's wholly-owned subsidiaries, Envictus QSR Pte Ltd and Envictus Capital (Labuan) Inc. PTQSR is principally engaged in the fast food restaurant business.

| OCTOBER

Change of name of its wholly-owned subsidiary, Polygold Foods Sdn Bhd to Envictus Dairies Marketing Sdn Bhd ("EDMSB"), with effect from 17 October 2017. The principal activity of EDMSB is to serve as a distribution company for sales and marketing of dairy F&B.

DFSSB entered into a conditional sale and purchase agreement with Marco Flagship Sdn Bhd and Wong Ng Moh Tian @ Wong Moh Tian on 30 October 2017 for the sale of:

(i) 100% of the issued and paid-up share capital in Family Bakery Sdn Bhd; and

(ii) 100% of the issued and paid-up share capital in Daily Fresh Bakery Sdn Bhd with the intellectual property rights of 'Family' and 'Daily Fresh' brands for RM1.5 million.

This disposal was completed on 18 December 2017.

2017

| NOVEMBER

Polygold Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional share sale agreement with Mr Khor Sin Kok and Madam Khor Guat Bee on 15 November 2017 for the proposed acquisition of 100% of the total issued and paid-up shares of Motivage Sdn Bhd for a consideration of RM24 million, to be satisfied by a combination of cash and the allotment and issuance of 15,775,210 shares in the capital of the Company.

KEY MILESTONES

2018

| JANUARY

Change of name of wholly-owned subsidiary, Glenland Sdn Bhd, to Envictus Central Food Services Sdn Bhd with effect from 9 January 2018.

| MAY

Polygold Beverages Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Hinoki Beverages Sdn Bhd on 7 May 2018 for the sale of its interest in two plots of land and factory buildings in Seremban and the plant machinery, lab and other equipment and motor vehicles situated on the properties for RM15.3 million. The disposal was completed on 27 June 2018.

| JUNE

Signed an International Multiple Unit Franchise and Development Agreement with US-based Cajun Global LLC on 12 June 2018 for exclusive rights to develop and operate Texas Chicken restaurants in territories in parts of West Java, Jakarta, Banten, Lampung, South Sumatra and Bengkulu in Indonesia for 10 years from 2018 to 2027.

An EGM was held on 8 June 2018 to obtain shareholders' approval on the proposed acquisition of Motivage as a major transaction and an interested party transaction. The allotment and issue of 15,775,210 consideration shares at an issue price of S$0.3913 was made as part satisfaction of the consideration for the proposed acquisition. The acquisition was completed on 21 June 2018.

2018

| JUNE

On 18 June 2018, the Company proposed a renounceable non-underwritten rights issue of up to 113,534,799 new ordinary shares of the Company at an issue price of S$0.16 for each Rights Share with up to 113,534,799 free detachable warrants. Each warrant carries the right to subscribe for 1 ordinary share in the capital of the Company at an exercise price of S$0.16 for each Warrant Share, on the basis of 4 Rights Shares for every 5 existing ordinary shares in the capital of the Company.

Change of name of indirect wholly-owned subsidiary, Dominade Marketing Sdn Bhd, to Envictus Gifts Sdn Bhd with effect from 27 June 2018.

| OCTOBER

An EGM was held on 19 October 2018 to obtain shareholders' approval on the allotment and issue of the Rights Shares, the Warrants and the Warrant Shares.

| NOVEMBER

At the close of rights exercise on 21 November 2018, valid acceptances and valid excess application for a total of 105,195,904 Rights Shares with Warrants, representing approximately 92.66% of the 113,543,799 Rights Shares with Warrants available under the Rights cum Warrants Issue were received. This amounts to net proceeds of approximately S$16.53 million.

TRADING & FROZEN FOOD

MESSAGE
FROM THE CHAIRMAN

DATO' JAYA J B TAN
Non-Executive Chairman

Dear Valued Shareholders,

On behalf of the Board of Directors of Envictus International Holdings Limited, I present to you our Annual Report for the financial year ended 30 September 2018 ("FY2018").

REVIEW OF FINANCIAL PERFORMANCE

During the year, we continued to look for opportunities to streamline our business as we primed ourselves for the next stage of development and growth. We have built upon the success of our downstream Food Services business with the opening of more outlets for Texas Chicken and San Francisco Coffee; developed a new revenue stream through the acquisition of Motivage Sdn Bhd, tapping on our past expertise in the sweetened condensed and evaporated milk business, and disposal of our non-core and loss-making beverages and fresh bakery segments under our Food Processing Division.

The topline increase of RM12.3 million to RM422.6 million in FY2018 was mainly driven by our fastest growing Food Services Division, a strong endorsement of the Texas Chicken brand name, which has made its mark in the market and is widely known for its quality and value. Concurrently, we also saw revenue contributions from the San Francisco Coffee chain, Delicious restaurant business as well as maiden contribution from our Dairies Division.

MESSAGE FROM THE CHAIRMAN

Topline increased
RM12.3 million
to
RM422.6 million
in FY2018

Gross profit grew by
RM19.2 million

Gross margin increased to
36.7%

Consequently, with a higher revenue contributed mainly by higher margin products of the Food Services Division, we have seen growth in the gross profit by RM19.2 million to RM155.0 million and gross margin by 3.6 percentage points to 36.7% during the year under review. Overall, the Group's loss after tax narrowed to RM28.0 million in FY2018, against a loss after tax of RM53.5 million in FY2017.

As at 30 September 2018, the Group's balance sheet has cash and cash equivalents of RM16.4 million while shareholders' equity was RM294.8 million.

DRIVING OUR COMPETITIVE EDGE

Texas Chicken has continued to grow from strength to strength during the year under review, a clear testimony of the success of its strong branding. Leveraging on Texas Chicken's widely recognised brand, product quality and good value, we have continued to expand during the financial year, opening nine additional new restaurant outlets in total to reach 47 stores in Malaysia, extending from Klang Valley to the north from Perak to Penang and onto the southern part of Johor Bahru.

To broaden our footprint beyond our home ground and increase our revenue and earnings streams, we are delighted to have broken new grounds with the signing of an International Multiple Unit Franchise Agreement with US-based Cajun Global LLC for a 10-year exclusive rights agreement to develop 80 franchised outlets in parts of Indonesia, which includes West Java, Jakarta, Banten, Lampung, South Sumatra and Bengkulu, from 2018 onwards. In conjunction with the signing on 12 June 2018, we have opened our first outlet at Green Pramuka Square in Jakarta in September this year, and another two stores at Mall@Bassura and Plaza Festival, subsequent to year-end.

Another segment within our Food Services Division that is progressing well is San Francisco Coffee. This brand has grown from 28 outlets at acquisition in 2016 to reach 45 stores in FY2018. Indeed, post rebranding and our concerted marketing efforts including the launch of refreshed menus and new concepts, this gourmet retail chain has successfully made a strong presence in malls and lifestyle market. This attests to our diversification efforts from the previous niche market, that had focused mainly on office buildings – a move in the right direction.

We have also completed the rebranding exercise of Delicious Group – a new lifestyle restaurant concept serving hearty Western and Asian fusion cuisine. We are encouraged that sales from the Delicious restaurant business grew slightly on the back of newly introduced menus and higher marketing activity levels. We will continue to offer new seasonal menus across our three rebranded outlets to maintain our competitive edge.

To meet the rising demand for space from the Food Processing Division and accommodate future expansion plans of the Group, we are pleased that Gourmessa will be relocating to its new factory building in the Selangor Halal Hub, Pulau Indah in December, subject to the completion of inspection and audit checks. With the enlarged facility, there will be a focus on export sales from FY2019 and there are opportunities for the Food Services Division to further tap on the supply of cold cuts, sausages, portion control meat and smoked salmon from Gourmessa.

During the year under review, we have created a new revenue stream with our newly established Dairies Division, held by the Group's wholly-owned Motivage Sdn Bhd. Upon completion of construction of factory and installation of machinery in Selangor Halal Hub, Pulau Indah, this new segment will manufacture sweetened condensed milk and evaporated milk under the "Sujohan" brand for sales in Malaysia. We also have plans in place to export the manufactured sweetened condensed milk and evaporated milk to overseas markets under the "Motilait" and "Family Farm" brands.

Our overriding strategy is to continue to grow our promising pillars and prune weaker-performing segments. We have disposed of two non-core and non-profitable segments, namely, the fresh bakery and beverages segments within our Food Processing Division. This is in line with our internal streamlining efforts for the Group to divest weaker business segments to stem further losses, thereby strengthening our financial position.

MESSAGE FROM THE CHAIRMAN

OUTLOOK AND PROSPECTS

Looking ahead, with a clear focus on driving profitability by extracting greater value and synergies amongst our five business segments, we are confident of remaining resilient, notwithstanding challenges posed by the market.

For Food Services, we are pleased that Texas Chicken has made its entry abroad, with a fresh new restaurant image. We have introduced a revamped menu which includes many new products at our first store at Green Pramuka Square in Jakarta, as well as various marketing promotions aimed at heightening the brand's awareness in this country. We have opened another two stores – Mall@Bassura and Plaza Festival – in the first quarter of FY2019. Back in Malaysia, we have opened one drive-through restaurant in Sungai Petani, Kedah in November 2018 and expect to leverage on our strong branding to open another seven new stores including two drive-through restaurants for the next financial year.

As for San Francisco Coffee, following the success of the rebranding exercise, we have opened two new outlets in October 2018 at Capital City Mall and Selangor Bio Bay, with plans to open another two outlets in the first quarter of FY2019 and an additional three outlets in the second quarter of FY2019. This includes our first standalone store at Caltex petrol station, Ampang, to meet growing demand for quick-service dining options and convenience food. At the same time, we will continue to nurture the Delicious restaurant business, finetuning its dining concept, menu and ambience where feasible, to enhance our customers' dining experience.

The Food Processing Division continues to be pressured by factors such as price volatility of raw materials and intense competition. We expect to increase export sales, particularly after the relocation of our newer and bigger factory in the Selangor Halal Hub, located in Pulau Indah, in December, subject to the completion of inspection and approval from the relevant authorities.

For the Nutrition Division, to meet changing consumer preferences, we will continue to focus on new product development and mass channel servicing to capitalise on rapidly growing opportunities.

As for our new Dairies Division, demand for sweetened creamer is stable due to the strong drinking culture in Malaysia. We will look for avenues to deepen our presence in our home market whilst seeking new export markets.

To fund our expansion plans, we have completed a renounceable non-underwritten Rights cum Warrants Issue on 28 November 2018 whereby shareholders can subscribe for four rights shares for every five existing ordinary shares held in the share capital of the Company. We are pleased to note that as at the close of this exercise on 21 November 2018, net proceeds of approximately S$16.53 million were raised, representing approximately 92.66% of the 113,534,799 Rights Shares with Warrants available under the Rights cum Warrants Issue. The net proceeds has strengthened our financial position and improved the sustainability of our businesses for the long term.

WORD OF APPRECIATION

At this point, I would like to express my deepest appreciation to my fellow Board members for their wise counsel and deep insight in overseeing the Group. My heartfelt thanks to our management and staff for their dedication and hard work in collectively nurturing Envictus to where we are today, as well as our business associates, partners, suppliers and customers for their generous support over the years.

To our loyal shareholders who continue to stand behind us, I would like to thank you for your unwavering faith in the Group and for the support of our renounceable non-underwritten rights cum warrants issue.

IN CLOSING

To stay resilient in a highly competitive environment, we will continually look for opportunities to broaden our revenue and earnings streams and increase our geographical presence in key markets of Asia and globally. Closer to home, we aim to break new grounds, tapping on a burgeoning Asian market that is well-supported by a growing middle class and increasing consumption power, starting with the further expansion of Texas Chicken into Indonesia. We will continue to enhance Envictus' market position as a pre-eminent regional F&B group and create sustainable long-term value for all our stakeholders.

FOOD SERVICES

REVIEW OF OPERATIONS

Financial year ended 30 September 2018 was a year of streamlining our business, through expansion of our revenue streams with the new Dairies Division, and disposal of non-core businesses related to our beverages and fresh bakery businesses under our Food Processing Division.

The Group's core business segments are as follows:

1. Food Services Division – Texas Chicken, San Francisco Coffee and Delicious restaurant businesses;
2. Trading and Frozen Food Division;
3. Food Processing Division comprising of:
   - Bakery;
   - Butchery;
   - Beverages; and
   - Contract Packing for Dairy and Juice-based drinks;
4. Nutrition Division; and
5. Dairies Division.

Envictus continues striving to bring to consumers quality F&B products that meet their tastes and preferences, while developing our business as a global F&B group.

CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 September 2018 ("FY2018"), the Group recorded a 3.0% rise in revenue to RM422.6 million from RM410.3 million in the preceding corresponding year. The growth in revenue of RM12.3 million was mainly contributed by the Food Services Division and the new Dairies Division.

The Food Services Division continued on its growth path, posting a 33.6% increase in revenue from RM129.1 million in FY2017 to RM172.5 million in FY2018. The strong performance was driven mainly by Texas Chicken, Malaysia, which was once again the top performer, achieving revenue increase of RM35.4 million, from RM99.9 million to RM135.3 million. This was a result of the opening of nine new stores, taking the total to 47, further strengthening its brand awareness and favourable market acceptance of its quality products and great value.

San Francisco Coffee opened another eight stores, bringing the total number to 45 stores as at end FY2018. This increased the Group's revenue from RM23.1 million to RM29.0 million, representing an increase of 25.5%. In addition, the Food Services Division was supported by Delicious restaurants which posted a 33.9% increase in revenue from RM6.2 million to RM8.3 million, on the back of new menus and more marketing activities.

3.0%

revenue growth was mainly contributed by the Food Services Division and the new Dairies Division

33.6%

increase in revenue from RM129.1 million in FY2017 to RM172.5 million in FY2018 by the Food Services Division

The new Dairies Division, which commenced operations in January 2018, contributed a revenue of RM19.8 million to the Group.

The Trading and Frozen Food Division recorded a 9.4% dip in revenue from RM170.9 million to RM154.8 million largely as a result of the lower sales to Hotel, Restaurant and Retail sectors due to the shortage in supply of beef and dairy products.

The Group posted a lower revenue in the Food Processing Division, from RM76.2 million in FY2017 to RM49.0 million in FY2018. The decrease of 35.7% was mainly attributed to the disposal of the fresh bakery business in December 2017 and scaling down of the beverages business in the last quarter of FY2017. The Contract Packing for Dairy and Juice-based drinks business also saw a marginal decrease in revenue of 2.2% due to reduced demand from existing customers. The downward effect on revenue was partially mitigated by the improved performance of the frozen bakery business, which saw a 43.0% increase in revenue, from RM14.2 million to RM20.3 million.

Revenue from the Nutrition Division contracted by 22.5% from RM34.2 million to RM26.5 million. This was mainly due to the lower revenue from the Australian Route and New Zealand Retail sectors which have been losing market share in the traditional distribution channel to more competitively priced US, Australian and New Zealand brands. Further, market share is down in the key New Zealand supermarket channel owing to aggressive competitor promotional programmes.

In line with the higher revenue, gross profit rose 14.1% to RM155.0 million, up from RM135.8 million in FY2017. Gross profit margin improved by 3.6 percentage points, from 33.1% to 36.7% year-on-year, on the back of higher sales contribution from the Food Services Division which derived higher margin from its products.

REVIEW OF OPERATIONS

Other operating income was at RM18.2 million in FY2018, 9.2% higher than the RM16.7 million recorded in FY2017, mainly attributable to the gain on disposal of property, plant and equipment of RM4.8 million, gain on disposal of investment property of RM2.8 million, foreign exchange gain of RM4.0 million, gain on disposal of subsidiaries of RM1.8 million and recurring rental income from corporate building of RM1.6 million.

Overall, operating expenses shrunk by 2.0% from RM197.0 million to RM193.0 million. Excluding the impairment loss on quoted investment of RM32.9 million in the preceding corresponding year, the operating costs increased by RM28.9 million in FY2018. This was largely due to higher selling and marketing expenses of RM22.6 million and administrative expenses of RM5.4 million to support the expansion of the Texas Chicken and San Francisco Coffee chains, higher selling and marketing costs of the frozen bakery business and Delicious restaurants, as well as the inclusion of operating costs from the new Dairies Division. These increases were partially offset by the lower selling and marketing expenses from the streamlining of business processes, including the disposal of the fresh bakery business, scaling down of the beverages business and lower marketing costs incurred by the Nutrition Division.

Finance costs increased by 13.5% from RM5.0 million to RM5.7 million, from higher bank borrowings used to finance the new warehouse and additional hire purchase facilities for expanding the business and setting up new stores.

Income tax expense decreased 40.6% from RM4.1 million to RM2.4 million due to lower profit generated by some subsidiaries.

Overall, the Group posted a loss after tax of RM27.9 million in FY2018, a reduction of 48.0% as compared to the loss after tax of RM53.5 million in the previous corresponding year.

STATEMENT OF FINANCIAL POSITION

The Group's non-current assets increased by RM63.2 million from RM318.2 million to RM381.4 million. Property, plant and equipment increased by RM60.5 million, largely contributed by the acquisition of a subsidiary with land, set-up costs for new stores and construction of new factories and warehouse. Intangible assets increased by RM2.8 million primarily on the back of the territory fee paid to develop Texas Chicken restaurants in Indonesia of RM2.0 million, and recognition of goodwill arising from acquisition of a subsidiary of RM1.0 million. On the other hand, following the disposal of a property, investment properties decreased by RM4.2 million.

The Group's current assets decreased by RM40.3 million mainly due to the disposal of held-for-trading investments of RM23.4 million, withdrawal of fixed deposits of RM13.7 million and the reduction of inventories by RM4.1 million attributed to lower stock holding.

REVIEW OF OPERATIONS

The Group's current liabilities increased by RM27.3 million largely as a result of the increase in trade and other payables of RM19.9 million, higher borrowings of RM4.0 million and higher hire purchase payables of RM2.1 million for the expansion of the restaurants and chains. Further, the Group's non-current liabilities increased by RM16.0 million, primarily on the back of higher bank borrowings of RM7.2 million to finance the construction of the new factory and warehouse at the Selangor Halal Hub, Pulau Indah and higher finance lease payables of RM5.4 million for the funding of new outlets.

CASHFLOW POSITION

The Group recorded a net decrease in cash and cash equivalents of RM32.1 million for FY2018.

In FY2018, the net cash generated from operating activities was RM2.7 million. The increase in trade and other payables generated RM17.6 million while the reduction in inventories generated RM2.3 million. These were partially offset by the operating loss before working capital changes of RM5.1 million, increase in trade and other receivables of RM7.8 million, income tax and interest payment of RM4.4 million.

Net cash used in investing activities decreased by RM23.6 million from RM37.7 million in FY2017 to RM14.1 million in FY2018. The proceeds from disposal of held-for-trading investments of RM22.4 million and property, plant and equipment of RM15.7 million were offset by the purchase of property, plant and equipment amounting to RM46.3 million, part settlement for an acquisition of a subsidiary of RM4.9 million and territory fee paid to set up the Texas Chicken restaurants in certain areas of Indonesia of RM2.0 million.

Net cash used in financing activities increased to RM20.7 million in FY2018. The Group has drawn down bank borrowings of RM68.0 million and utilised RM88.7 million for the repayment of bank borrowings, hire purchase payables and interest payment.

SEGMENTAL REVIEW BY BUSINESS DIVISIONS

BUSINESS SEGMENTS	FY2018 RM'000	FY2017 RM'000
REVENUE		
Food Services	172,509	129,088
Trading and Frozen Food	154,813	170,907
Food Processing	48,977	76,178
Nutrition	26,498	34,158
Dairies	19,808	-
	422,605	410,331
(LOSS)/ PROFIT BEFORE TAX		
Food Services	(17,377)	(13,486)
Trading and Frozen Food	10,956	11,967
Food Processing	(7,040)	(13,818)
Nutrition	(1,254)	(1,309)
Dairies	(1,461)	-
Unallocated	(9,256)	(32,794)
	(25,432)	(49,440)

The Group's business comprises of the following divisions – Food Services, Trading and Frozen Food, Food Processing, Nutrition and Dairies. The Food Services Division contributed 40.8% of the total revenue, followed by Trading and Frozen Food of 36.6%, Food Processing of 11.6%, Nutrition of 6.3% and Dairies of 4.7%. Overall, the Group recorded a loss before tax of RM25.4 million.

FOOD SERVICES DIVISION

The Food Services Division comprises of Texas Chicken quick service restaurants in Malaysia and Indonesia, San Francisco Coffee chain and Delicious restaurant businesses.

The Division continued to attain strong growth in revenue of 33.6% from RM129.1 million to RM172.5 million. The robust performance in the topline can be attributed to the revenue growth of Texas Chicken, Malaysia of 35.4% or RM35.4 million, riding on the opening of nine new stores in the year under review, brand awareness and favourable market acceptance of its value and quality products. Meanwhile, the first Texas Chicken store in Jakarta, Indonesia, which opened on 5 September 2018, also contributed RM0.1 million to the Division.

REVIEW OF OPERATIONS

San Francisco Coffee chain opened another eight stores this financial year, contributing an additional RM5.9 million or 25.5%. Similarly, Delicious restaurants posted a growth in revenue of RM2.1 million or 33.9% from the introduction of new menus and more marketing activities.

However, the Division recorded an increase in loss before tax of RM17.4 million as compared to RM13.5 million in the previous year, on the back of higher selling, marketing and administrative expenses that were used to support the expansion of the businesses.

Segmental assets increased from RM94.7 million to RM123.8 million following the increase in property, plant and equipment from the opening of new outlets. Segmental liabilities experienced a 58.2% increment from RM35.9 million to RM56.8 million, due to higher payables and additional hire purchase facilities to finance the set up costs for the new stores.

TRADING AND FROZEN FOOD DIVISION

The Trading and Frozen Food Division recorded a decline in revenue by 9.4% from RM170.9 million to RM154.8 million. This was mainly due to the shortage of quality beef and dairy products that led to the lower sales to Hotel, Restaurant and Retail sectors. The Division posted a profit before tax of RM11.0 million for the year under review, a decrease of RM1.0 million from the previous corresponding year.

Segmental assets dipped 2.0% from RM127.7 million to RM125.1 million as a result of the lower inventories and receivables, which was partially offset by the increase in property, plant and equipment for the construction of factory building. Segmental liabilities fell 14.0% from RM47.9 million to RM41.2 million, due to lower utilisation of tradeline facilities.

FOOD PROCESSING DIVISION

The Food Processing Division comprises the Bakery, Butchery, Beverages and Contract Packing for Dairy and Juice-based drinks businesses.

The Division recorded a 35.7% decline in revenue to RM49.0 million as compared to the preceding corresponding year of RM76.2 million. The Division's decrease in revenue of RM27.2 million mainly from the disposal of the fresh bakery business in December 2017 was mitigated by the improved performance of the frozen bakery business, which saw an increase in revenue of 43.0% from RM14.2 million to RM20.3 million from new customers. On the other hand, the beverages business saw a RM7.0 million reduction in revenue following the scaling down of its operation since the last quarter of FY2017. The Contract Packing for Dairy and Juice-based drinks business also saw a marginal dip in revenue of RM0.5 million as a result of lower demand from its existing customers. Overall, the Division incurred a lower loss before tax of RM7.0 million, 49.3% lower than the previous corresponding year's RM13.8 million, largely due to one-off gain on disposal of properties and equipment of RM7.5 million.

Segmental assets rose 3.0% to RM162.8 million, mainly attributable to the increase in property, plant and equipment for the construction of the factory building and deposit paid for the purchase of machinery. Segmental liabilities decreased by 22.1% to RM69.5 million largely from the disposal of subsidiaries and expenses incurred for construction of a factory building.

NUTRITION DIVISION

Revenue from the Nutrition Division contracted 22.5% from RM34.2 million to RM26.5 million, largely due to the lower revenue from the Australian Route and New Zealand Retail sectors which has been losing market share in the traditional distribution channel to more competitively priced US, Australian and New Zealand brands. Additionally, market share is down in the key New Zealand supermarket channel due to the aggressive competitor promotional programmes. Consequently, the Division recorded a loss before tax of RM1.3 million, unchanged from the previous financial year.

Segmental assets decreased 21.4% to RM16.2 million on the back of the decrease in property, plant and equipment, a lower inventory level and receivables. Segmental liabilities also contracted to RM2.3 million from RM4.1 million, largely due to a reduction in payables.

REVIEW OF OPERATIONS

DAIRIES DIVISION

The new Dairies Division posted a revenue of RM19.8 million and loss before tax of RM1.5 million. The Division recorded segmental assets of RM35.5 million and segmental liabilities of RM11.8 million.

PERFORMANCE REVIEW BY GEOGRAPHICAL SEGMENTS

GEOGRAPHICAL SEGMENTS	FY2018 RM'000	FY2017 RM'000
REVENUE		
Malaysia	369,222	346,894
New Zealand	41,407	45,832
Australia	5,642	9,318
Asean (excluding Malaysia)	2,196	956
China	822	4,518
Others	3,316	2,813
	422,605	410,331

The Group recorded an overall increase in revenue of RM12.3 million. Malaysia continued to be the Group's biggest market, contributing RM369.2 million or 87.4% of the total revenue. This is followed by New Zealand, which contributed RM41.4 million or 9.8%, and Australia, which contributed RM5.6 million or 1.3%. Asean (excluding Malaysia) contributed RM2.2 million or 0.5%, whereas the other regions comprising of China and Others accounted for the remaining RM4.2 million or 1.0% of revenue.

MALAYSIA

Malaysia remained the key growth market, contributing 87.4% to the Group revenue. Revenue rose by 6.4% to RM369.2 million from RM346.9 million in the preceding corresponding year. This was mainly on the back of the expansion of the Food Services Division, which saw the opening of nine new Texas Chicken outlets and eight new San Francisco Coffee outlets, as well as the new Dairies Division in the year under review.

NEW ZEALAND AND AUSTRALIA

Revenue declined 14.9%, from RM55.2 million to RM47.0 million, as a result of the more aggressive competition in the Nutrition Division, which saw the market shares in the Australian and New Zealand markets slipping.

ASEAN

Revenue surged 120.0% or RM1.2 million, from RM1.0 million to RM2.2 million, due to the opening of a Texas Chicken outlet in Jakarta and the improvement in export sales to Singapore and Cambodia.

CHINA AND OTHERS

Revenue declined by 43.8% or RM3.2 million, from RM7.3 million to RM4.1 million, mainly due to the scaling down of the beverages business.

PROSPECTS AND GROWTH PLANS

Food Services Division

Consumer sentiments have been hit by the weakening Malaysian Ringgit and the reintroduction of the Sales and Services Tax ("SST"). The increase in food costs have also affected the revenue and the margin. To mitigate the impact, Texas Chicken has embarked on improving products' formulation to increase cost savings and revamping the menu to include seasonal items and limited time offers to sustain and increase consumers' interest and recognition.

Texas Chicken, Malaysia aims to increase its market share and presence with the opening of eight new outlets, including three drive-through restaurants for the next financial year. Likewise, Texas Chicken, Indonesia has opened three outlets to-date since its entry into the Indonesian market and plans to broaden its market share with more outlets in the coming financial year.

As for San Francisco Coffee, prices of raw materials have held steady apart from imported green beans which has seen a slight increase due to the weakening Malaysian Ringgit. With the switch to alternative suppliers since March 2018 for local cups and lids, there has been some cost savings.

However, competition within the coffee industry is intensifying. Incumbents are offering various discounts and venturing into opening mini kiosks at places with high foot traffic, such as train stations, or even at medical centres.

For the upcoming financial year, San Francisco Coffee is expecting to open seven stores, and has signed with Caltex to operate the first standalone store at Caltex, Ampang in second quarter of FY2019.

The retail business of Delicious restaurants has been dampened by a lower number of tourist arrivals and the implementation of the SST. Increased competition from new hype drinks and dine "store fronts" has also affected the business. At this point in time, Delicious is focused on improving the competitive edge of the existing outlets and has no plans for new outlets.

REVIEW OF OPERATIONS

Trading and Frozen Food Division

As the Malaysian Ringgit continued to weaken against the US Dollar in the last quarter, alongside the implementation of the SST on 1 September 2018, the prices of certain foods have inevitably been increasing and thus affected revenue, especially in the last quarter. To mitigate further impact, Pok Brothers has negotiated with a supplier for reduction of prices in order to curb rising food costs. Additionally, sales in the next quarter is expected to be boosted with the approval of a turkey plant in the US by relevant authorities. However, this is provided that the shipment can arrive by early December, before the Christmas season begins.

Australian lamb and mutton prices have been rising steadily due to strong demand and tightening supply as most plants have ceased slaughtering due to drought. In New Zealand, slaughtering has stopped due to off-season and will only commence from November 2018 onwards but prices are expected to be higher.

The shortage of milk continues to plague the supply of cheese and butter, which has significantly impacted the revenue for the year under review. The supply situation is anticipated to improve by the second quarter of the following financial year.

Looking ahead, Pok Brothers is expected to reduce prices of certain products in order to retain market share. Unless the supply situation in Australia and New Zealand improves, the next twelve months will remain very challenging.

Food Processing Division

Bakery

The prices of main ingredients, such as butter and flour, are still volatile and have been on the upward trend since the last quarter. De-luxe Food has taken counter measures to source for alternative suppliers for some raw materials with lower prices.

While the reduced number of tourist arrivals have greatly impacted sales in the hotel and restaurant business, efforts to penetrate into supermarkets, catering and entertainment centres have paid off. Despite the slowdown in the local economy, De-luxe has managed to increase its local sales in the current quarter.

Though there are plans to enter overseas markets, these may not materialise so soon due to the global economic slowdown and various local regulations and competition.

Butchery

Prices of local and raw materials have increased due to the implementation of the SST. Additionally, prices for imported raw materials have also been affected by the weakening Malaysian Ringgit. In light of the increased costs, Gourmessa has started switching its suppliers from Australia and New Zealand to Brazil, thus generating some cost savings.

Export sales to Singapore has increased gradually, which has been reflected in the slight improvement in the revenue for Gourmessa. Gourmessa is expecting its export sales to Hong Kong to rise in the next quarter, especially post-relocation to its new and bigger factory building in the Selangor Halal Hub by December, subject to approval from the relevant authorities.

REVIEW OF OPERATIONS

Contract Packing for Dairy and Juice-Based Drinks

Several new co-packers have entered the PET Aseptic market in Australia and New Zealand, which has resulted in several legacy brands, such as UP and Go, Mammouth, Primo and Nippys converting to PET. Synlait has announced plans for a new Aseptic line in New Zealand slated to begin operations in 2019, that will serve UHT Milk and Liquid Infant Formula, thus increasing competition in the market.

Some of EDNZ flavoured milk customers are exiting the market due to poor margins resulting from high milk costs and transport costs in New Zealand. Despite the growing demand for fresh milk, EDNZ still enjoys strong demand from China for premium UHT milk products from New Zealand.

Nutrition Division

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

International prices for milk powder has begun falling in recent months. However, prices for specialised whey proteins for the manufacture of Horleys products do not always directly follow the price trends for whole and skim milk and have thus held steady over the recent months.

The Division predominantly draws its 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 Division's contracted powder products manufacturer on an open book costing basis.

The Horleys Brand under which the Division markets the range of sports nutrition and weight management products, has been losing market share in the New Zealand supermarket channel. This is largely attributable to the aggressive promotional programme by a key competitor, Vitaco. The market share has now stabilised for the most recent period at 21%* of New Zealand key accounts.

In the gyms, health food and supplement shop channel, Horleys has been losing market share for some time. These represent the traditional channel for sales of sports and weight management supplements. This is due to competition from more competitively priced American brands and other Australian and New Zealand brands, as they fight desperately to retain market share.

The Horleys team has revised their market strategy amidst changing consumer preferences and an increasingly competitive landscape. The team is now placing more attention on new product development and mass channel servicing to meet the needs of time-poor consumers who are seeking convenience. Recently, a new range of low carbohydrate protein bar was introduced in the market, and there are more exciting new products in the pipeline. The sales of these products in mass channels such as supermarkets and convenience stores are also growing.

Dairies Division

The new Dairies Division is involved in the distribution of sweetened creamers. Main ingredients required include sugar, milk powder, palm oil and tin plate. The prices of these items have been quite stable and largely manageable in the past nine months since the Division began operations in January 2018.

Construction of the dairy manufacturing factory at Pulau Indah has started and is expected to be completed by end 2019, which will enable the Group to scale up operations.

Despite the competitive environment, the Group is cautiously optimistic about the new Dairies Division, as the demand for sweetened creamer is forecasted to be stable due to the strong drinking culture in Malaysia, where sweetened creamer is one of the main ingredients used in the preparation of the drinks.

Computerisation

The Group continuously researches and implements new technology enhancements to improve, harmonise and simplify the workflow in the Food Services Division. Implementation of queue voice notification and digital payments are an example of the new improvements that have been carried out to increase efficiency in serving customers and provide a better customer experience overall. For the next financial year, the POS system will be enhanced with full synchronisation connecting to third party applications by leveraging on cloud technology. This will help to elevate productivity by eliminating the need of manual process workflow. After the general elections which saw a change in the Malaysian government and the taxation structure, the Group has since implemented the SST in all systems.

Human Resource

The Group's total staff count was approximately 2,100 as at 30 September 2018.

** Reference obtained from Aztec Data dated September 2018*

NUTRITION


HORLEYS elite
ICE
WHEY PROTEIN ISOLATE
VANILLA FLAVOUR
90% 27g 0.6g
covet
MACADAMIA MILK
UNSWEETENED
1L
100% NATURAL INGREDIENTS
HORLEYS
sculpt
SHAPING PROTEIN FOR WOMEN
HORLEYS
HIGH PROTEIN
100% whey
HORLEYS elite
100% WHEY PLUS
PROTEIN MATRIX: WPC + WPI
22g 2.2g
HORLEYS
Got your on-the-go muscle fuel?
protein33
HORLEYS
only 1.4g Carbs
protein33
protein33

FINANCIAL HIGHLIGHTS

KEY FINANCIAL INFORMATION	FY2014	FY2015	FY2016	FY2017	FY2018
Revenue (RM'000)					
- Continuing@	306,789	327,357	362,674	410,331	422,605
- Discontinued@	540,891	-	-	-	-
Total	**847,680**	**327,357**	**362,674**	**410,331**	**422,605**
Profit/(Loss) after tax (RM'000)					
- Continuing@	(72,353)*	(3,562)	1,456	(53,541)^	(27,866)
- Discontinued@	610,021**	-	-	-	-
Total	**537,668**	**(3,562)**	**1,456**	**(53,541)**	**(27,866)**
Shareholders' equity (RM'000)	346,766	373,533	350,514	314,855	294,827
Total equity (RM'000)	343,826	367,394	342,199	305,280	284,796
Weighted average number of shares	124,525,438#	126,143,289#	126,143,289	126,143,289	130,983,901

KEY FINANCIAL RATIO					
Earnings/(Loss) per share (RM sen)	435.7#	(0.3)#	2.3	(41.5)	(20.2)
Return on equity (%)	188.2**	1.5	2.2	(13.7)	(6.7)
Dividend per share (RM sen)	392.0#	-	-	-	-
Net assets value per share (RM)	2.7#	3.0#	2.8	2.5	2.1

* Includes the one time gain from disposal of relevant intellectual property and impairments of plant and equipment and intangible assets of RM34,248,000 and RM44,673,000 respectively.

** Includes the one time gain from disposal of subsidiaries of RM573,276,000.

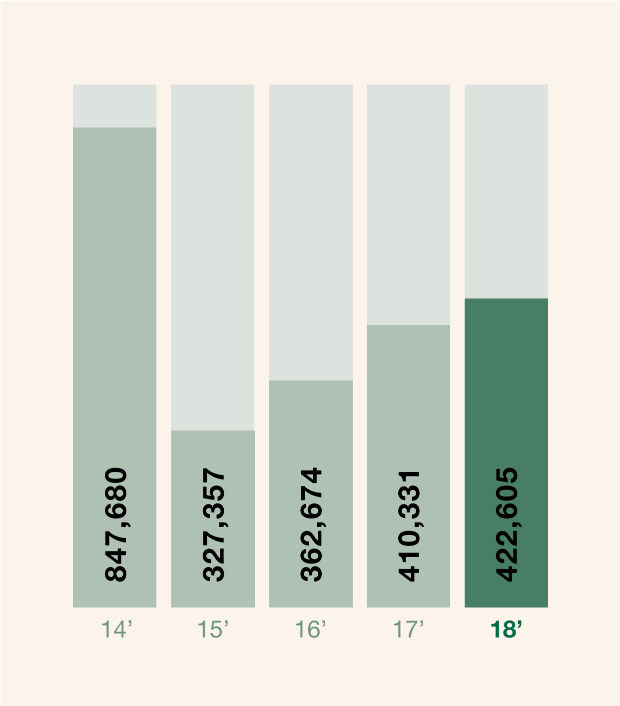
@ For FY2013, the revenue and profit/(loss) after tax have been disaggregated for comparative purposes due to discontinued operations in FY2014.

The weighted average number of shares have been adjusted to reflect the effect of Share Consolidation with every five existing shares consolidated to one share in FY2016.

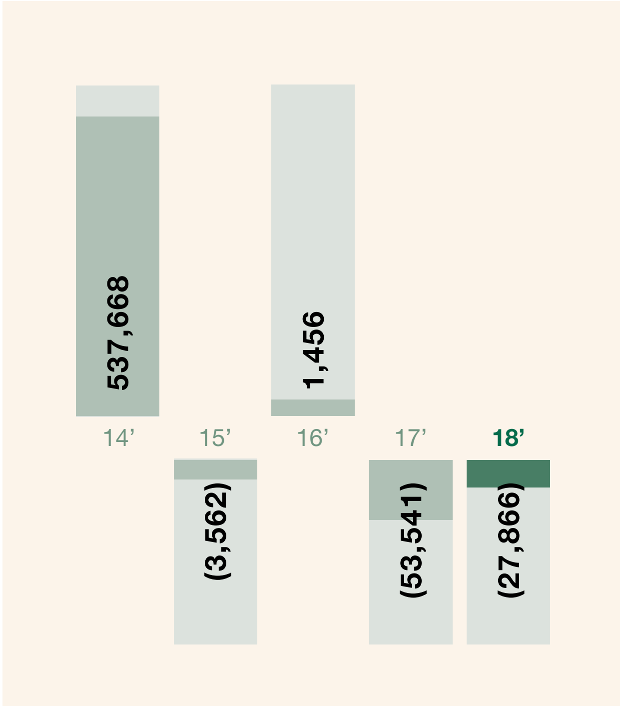
^ Includes the impairment loss of RM32,870,000 in respect of its quoted investment on the Singapore Exchange.

FINANCIAL HIGHLIGHTS

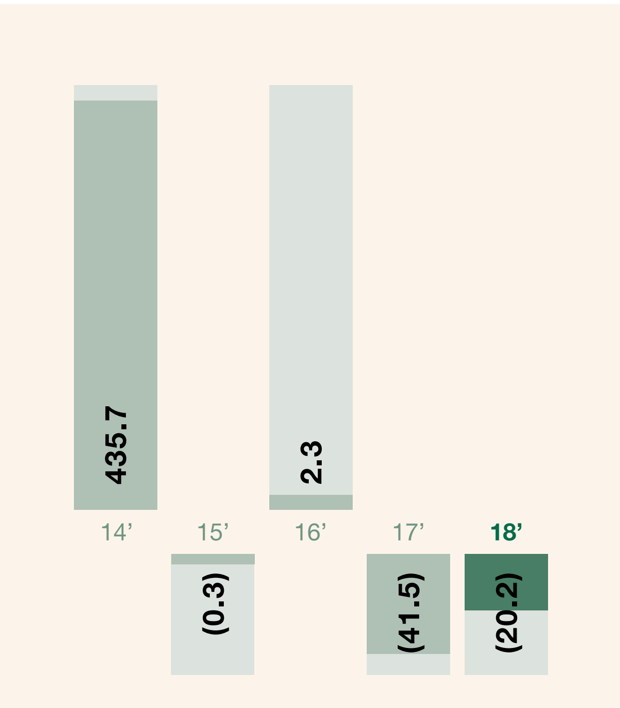
REVENUE (RM'000)



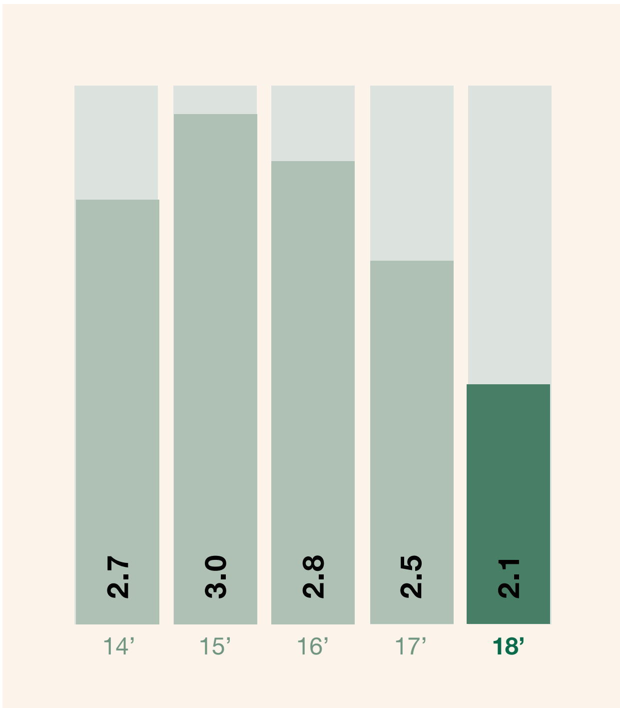
PROFIT/(LOSS) AFTER TAX (RM'000)



EARNINGS/(LOSS) PER SHARE (RM SEN)



NET ASSETS VALUE PER SHARE (RM)



RISK FACTORS

The following is an overview of Envictus' risk factors, with brief description of the nature and extent of the group's exposure to these risks. We strive to provide reasonable assurance to our stakeholders by incorporating sound management control into our daily operations, ensuring compliances with legal requirements, and safeguarding the integrity of the group's financial reporting as well as related disclosures.

ECONOMIC RISKS

Changes in the economic conditions within and outside of Malaysia where the Group's main operations are based may have material adverse impact on the demand for the Group's products, consequently affecting the operations and financial performance of the Group. While the Group operates in a fairly defensive F&B industry, the Group is not completely shielded from the impact of world economic crisis.

BUSINESS RISKS

Any significant increase in the prices of our raw materials would have an adverse impact on our profitability

The raw materials we utilise for the manufacture of our products within our subsidiaries comprise substantially of whey protein concentrate, milk powder, liquid fresh milk, margarine, yeast, salt, sugar, vitamins, raw meat, flour, palm olein and packaging material (such as paper and plastic packaging, cans, labels and cartons). In order to ensure that we are able to efficiently deliver quality products to our customers at competitive prices, we need to obtain sufficient quantities of good quality raw materials at acceptable prices and in a timely manner. As such, we typically enter into forward supply contracts. In the event that our suppliers are unable to fulfill our raw material needs, we may not be able to seek alternative sources of supply in a timely manner or may be subject to higher costs from alternative suppliers. This may adversely affect our ability to meet our customers' orders and our profitability in the event that we are unable to pass on such costs to our customers.

Our failure to meet adequate health and hygiene standards will lead to a loss in customer confidence

Our products are manufactured under very stringent quality control processes and the Group stresses quality and hygiene as a top priority. If there is any incidence of contamination or food poisoning in any of our subsidiaries, our Group may face criminal prosecution under the Food Act 1983 (including its sub regulation Food Hygiene Regulations 2009) in Malaysia, Animal Products Act 1999 New Zealand, Food Act 1981 New Zealand or other relevant regulations in jurisdictions to which our products are exported to, a loss in customer confidence and a negative impact on our reputation. Accordingly, our prospects as well as our financial condition will be adversely affected.

It is also possible that the relevant authorities may impose directives as a result of health and hygiene issues to carry out certain remedial actions which may impact on our operations. Failure to comply with such directives may result in our operations/licenses being suspended and/or revoked, which will have a material adverse impact on our reputation and financial performance.

To mitigate this risk, our operations are International Organization for Standardization (ISO) and Hazard Analysis and Critical Control Point (HACCP) accredited by international certification bodies and we also subscribe to Good Manufacturing Practice (GMP). We have also met the Malaysian Standard on Halal Food MS 1500 : 2009 and therefore issued with the Halal certification from JAKIM (Department of Islamic Development Malaysia). This JAKIM requirement also extends to the material usage in our operations from suppliers which need to be Halal certified. Failure to comply with JAKIM regulations would lead to suspension or revocation of the Halal Certificate issued to us and this will have a serious impact on our reputation and financial performance.

RISK FACTORS

We may be subject to product liability claims if our products are found to be unfit for consumption

If our products are found to be unfit for consumption and consumers suffer damage, injury or death as a result of consuming or coming into contact with our products, we may be required to compensate the consumer for any injury or death. The Group's profitability would be adversely affected if the amount payable under the insurance policies covering the Group is not sufficient to meet the compensation amount payable. Accordingly, our reputation, prospects, and financial condition will also be adversely affected.

Possible changes in consumer taste may lead to lower demand and sales of our products

Being in the F&B industry, the nature of our business is highly dependent on consumer preferences. We strive to achieve the highest quality in the products we offer. However, the level of market acceptance of our products ultimately relies on consumer taste and lifestyle. The younger affluent generation now has higher purchasing power and is willing to pay a premium for products which cater to their individual desires. Also, the current consumer trend towards healthier lifestyle and organic products may pose threats to our Group's business if we are not flexible enough to adapt and cater to the trend.

An outbreak of disease in livestock, such as cows, goats and chickens, and food scares may lead to loss of consumer confidence in our products

Any outbreak of disease in livestock and food scares may have an adverse impact on the business of our Group as it may lead to loss in consumer confidence and reduction in consumption of the particular food or related products concerned. It may also affect our Group's sources of supply of raw materials, such as milk powder or raw meat, from that particular area, resulting in our Group having to source for alternative supplies which may be more costly or have negative impact on our production processes and output.

We depend on key management personnel and the loss of such personnel may adversely affect our Group's operations

The Group's success to date has been due largely to the contributions of its management teams and employees. As such, the Group's continued success is dependent on its ability to retain the services of such personnel. There is no certainty that the Group will be able to retain or integrate new personnel into the Group or identify or employ qualified personnel. Accordingly, the loss of the services of these key personnel or the inability to attract additional qualified persons may negatively affect the Group's business, financial condition, results of operations and future development.

REGIONAL EXPANSION RISKS

The Group now has its operation base in Malaysia, Indonesia and New Zealand. However, we are still constantly seeking new business opportunities overseas. Thus, the Group will focus equally on international expansion for future growth. However, there are considerable risks associated with this regional expansion strategy.

Ability to extract synergies and integrate new investment

In acquisition, the Group faces challenges arising from being able to integrate newly acquired businesses with our own existing operations, managing businesses in new markets where we have limited experience. There is no assurance that synergies can be created from the new acquisitions and that the returns generated from the new ventures will meet the management's expectations.

Ability to make further acquisitions

Although we are constantly looking for new opportunities that could contribute to our future growth, there is no assurance that there will be sound acquisition opportunities available as there are constraint factors such as competition from other investors, government policies, political considerations, and last but not least, sincere sellers with sound business deals.

RISK FACTORS

FINANCIAL RISKS

Credit risks

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. While the Group faces the normal business risk associated with ageing collections, it has adopted a prudent accounting policy of making specific provisions once trade debts are deemed not collectible. Nonetheless, a delay or default in payment and/or significant increase in the incidence of bad trade receivables would have a material and adverse impact on our financial position and performance.

Foreign currency risks

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the entity's functional currency. The currencies giving rise to this risk are primarily Ringgit Malaysia, United States dollar, Singapore dollar, New Zealand dollar, Australian dollar, Hong Kong dollar and Indonesian rupiah. Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level and hedging through currency forward exchange contracts is done where appropriate.

Interest rate risks

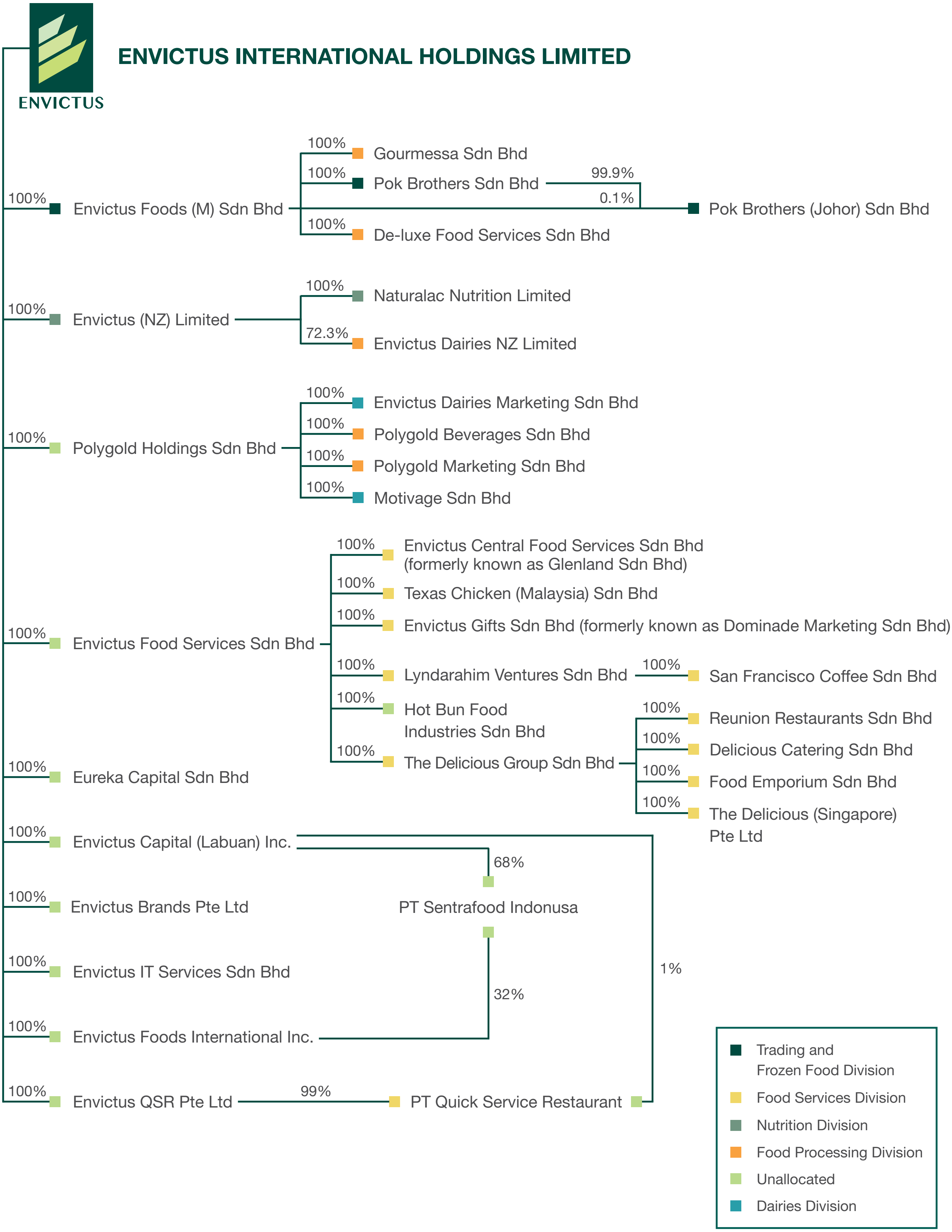
The Group's exposure to changes in interest rates relates primarily to bank borrowings and fixed deposits. The Group strives to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings. The objective for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if the interest rates fall. In the event of any substantial increase in interest rates, cash borrowings obligations may be extended and our financial performance may be affected.

Liquidity risks

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of our overall prudent liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet its working capital requirements. Short-term funding is obtained from overdraft and trade facilities from banks and finance leases from financial institutions. As such, we are subject to risks normally associated with debt financing, including the risk that our cash flows will be insufficient to meet required payment of principals and interest. In addition, while in the past our cash flows from our operations and financing activities had been sufficient to meet our payments obligations for borrowings and interest, there is however no assurance that we are able to do so in the future. In such event, we may be required to raise additional capital, debt or other forms of financing for our working capital. If any of the aforesaid events occur and we are unable for any reason to raise additional funds to meet our working capital requirements, our business, financial performance and position will be adversely affected.

FOOD PROCESSING

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Jaya J B Tan
Non-Executive Chairman

Datuk Sam Goi Seng Hui
Non-Executive Vice-Chairman

Dato' Kamal Y P Tan
Group Chief Executive Officer

Mah Weng Choong
Independent Director

John Lyn Hian Woon
Independent Director

Teo Chee Seng
Independent Director

COMPANY SECRETARIES

S Surenthiraraj @ S Suressh
Kok Mor Keat

REGISTERED OFFICE

SGX Centre II, #17-01
4 Shenton Way, Singapore 068807
Telephone: (65) 6361 9883
Facsimile: (65) 6538 0877

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

INDEPENDENT AUDITOR

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square,
Singapore 188778
Partner-in-charge: Poh Chin Beng
(Appointed since the financial year ended 30 September 2017)

PRINCIPAL BANKERS

Maybank Islamic Berhad
Bank Pertanian Malaysia Berhad
HSBC Amanah Malaysia Berhad
Malayan Banking Berhad
OCBC Al-Amin Bank Berhad

SOLICITORS

Morgan Lewis Stamford LLC
Hutabarat Halim & Rekan

BOARD OF DIRECTORS

Non-Executive Chairman
Member of Audit Committee
Member of Remuneration Committee
Member of Nominating Committee

DATO' JAYA J B TAN

Dato' Jaya J B Tan is the Non-Executive Chairman of the Company and was appointed to the Board since 23 December 2003. He graduated from the University of Arizona and is a Mechanical Engineer by training. He has extensive experience in forestry, property development, food retail operations, trading and financial services. Previously, he has served as Chairman of several companies quoted on the stock exchanges of Malaysia, United Kingdom, Singapore, Australia and India.

Currently, Dato' Jaya is the Executive Chairman of Lasseters International Holdings Limited, a company listed on the Singapore Stock Exchange ("SGX"). He is also the Vice Chairman of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Dato' Jaya was re-elected as Director at the Annual General Meeting ("AGM") held in January 2016. He will retire at the forthcoming AGM and will offer himself for re-election. Dato' Jaya is the brother of Dato' Kamal Y P Tan.

Non-Executive Vice-Chairman

DATUK SAM GOI SENG HUI

Datuk Sam Goi Seng Hui joined the Board of Envictus International Holdings Limited as Vice-Chairman and Non-Executive Director on 9 January 2013.

He is the Executive Chairman of Tee Yih Jia Group and SGX Mainboard-listed GSH Corporation Limited.

Established in 1969, Tee Yih Jia Group is a global food and beverage group with operations in Singapore, Malaysia, USA, Europe and China, and exports to over 80 countries worldwide. GSH Corporation Limited is a developer of premium residential and commercial properties in the region, as well as the owner and operator of Sutera Habour Resort, marina and golf course in Kota Kinabalu. In 2017, the group also expanded its presence into China, investing over RMB200 million in Henan Zhongyuan Group. With over 1,000 tenants generating a combined turnover of more than RMB60 billion, it is the largest frozen food logistics and warehouse hub in Zhengzhou in the Henan Province.

Apart from these core businesses, Datuk Sam Goi has investments across a range of listed and private entities in numerous industries, such as food and beverage, entertainment real estate, consumer essentials, recycling, distribution and logistics. Datuk Sam Goi also serves as Vice Chairman of Mainboard-listed JB Foods Limited, and Director of Tung Lok Restaurants (2000) Ltd.

In April 2018, Datuk Sam Goi was appointed Singapore's Non-Resident Ambassador to the Federative Republic of Brazil.

He was named "Businessman of the Year" at the Singapore Business Awards (2014) and conferred the Public Service Star (Bar) (BBM (L)) at the 49th National Day Awards by the president of Singapore for his contributions to the community. Datuk Sam Goi was also conferred the State Award of Panglima Gemilang Darjah Kinabalu (PGDK), which carries the title of Datuk, from the Head of State of Sabah for his social and business contributions to Kota Kinabalu. In 2015, he was awarded the "SG50 Outstanding Chinese Business Pioneers Award" and received the Long Service Award from Singapore's People's Action Party. Datuk Sam Goi was also awarded the Asia Enterprise Asia's Lifetime Achievement Award in 2015 and the Asian Strategy & Leadership Institute's Lifetime Achievement Award in 2016. In 2017, he was honoured for his contributions and success as an overseas Chinese by the People's Tribune Magazine in Beijing, China. In 2018, he was conferred the Distinguished Business Leader Award at the World Chinese Economic Forum.

Datuk Sam Goi is also a member of the Singapore University of Technology and Design (SUTD) Board of Trustee, and Chairman of Ulu Pandan Citizens Consultative Committee.

Datuk Sam Goi was re-elected as Director of the Company at the AGM held in January 2018.

BOARD OF DIRECTORS

Group Chief Executive Officer

DATO' KAMAL Y P TAN

Dato' Kamal Y P Tan is the Group Chief Executive Officer of the Company and was appointed to the Board on 23 December 2003. He was appointed as the Executive Director of the Company upon its listing on 23 December 2004 and has been re-designated to the current position since 20 January 2009.

Dato' Kamal is an Economics graduate from the London School of Economics and has held board positions with companies listed on the stock exchanges in Malaysia, Singapore, Australia, United Kingdom and India.

Currently, Dato' Kamal is also the Non-Executive Director of another company listed on the Singapore Stock Exchange, namely Lasseters International Holdings Limited. He is a Board member of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Dato' Kamal was re-elected as Director at the AGM held in January 2017. Dato' Kamal is the brother of Dato' Jaya J B Tan.

Independent Director
Chairman of Remuneration Committee
Chairman of Nominating Committee
Member of Audit Committee

TEO CHEE SENG

Mr Teo Chee Seng was appointed Independent Director of the Company on 3 August 2004. He holds a Bachelor of Law (Hons) degree from the University of Singapore and is a lawyer in the Singapore private practice for more than 30 years.

Mr Teo acts as the legal consultant to Tzu Chi Foundation, Taiwan's biggest charity organisation which is also an United Nations NGO.

Apart from the present directorship of the Company, Mr Teo is the Independent Director of Lasseters International Holdings Limited and Soilbuild Construction Group Ltd, companies listed on the Singapore Stock Exchange and United Overseas Australia Ltd, which is listed on both Singapore and Australia stock exchanges and UOA Development Bhd, a company listed on the Bursa Malaysia.

Mr Teo was re-elected as Director of the Company at the AGM held in January 2018.

BOARD OF DIRECTORS

Independent Director
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nominating Committee

JOHN LYN HIAN WOON

Mr John Lyn Hian Woon was appointed Independent Director on 3 August 2004. He holds a BSc degree in Mechanical Engineering from the University of Leeds, UK and an MBA from Washington State University.

Mr Lyn is currently the Chief Executive Officer of Indigo Investment Pte Ltd, a family office organization registered in Singapore. He is also a Director of Sirus International Holdings, an international school based in Kuala Lumpur.

Mr Lyn is a former Chairman of Vietnam Asset Management, an associate company of UOB Kay Hian, which manages Public-listed Funds for Vietnam. He has previously held the position of Chief Executive Officer of Colonial Investment Pte. Ltd. and was responsible for management, strategic planning, investment and corporate restructuring. Prior to that, he was an investment banker with various financial institutions such as Chase Manhattan Bank, Citibank, Schroders Securities and HSBC James Capel with a total of 15 years of experience.

Apart from the directorship of the Company, Mr Lyn does not hold directorship in any other listed companies.

Mr Lyn was re-elected as Director of the Company at the AGM held in January 2017.

Independent Director

MAH WENG CHOONG

Mr Mah Weng Choong was appointed to the Board on 3 August 2004 as a Non-Executive Director and was re-designated to the position of Group Chief Operating Officer ("Group COO") on 13 May 2010. Mr Mah relinquished his position as Group COO of the Company following the completion of the disposal of the Group's dairies and packaging business to Asahi Group Holdings Southeast Asia Pte. Ltd. and was re-designated as Non-Executive Director with effect from 1 July 2014. Mr Mah was the Group COO of Etika Dairies Sdn Bhd from 30 June 2014 to 30 June 2015. On 1 October 2017, Mr Mah was re-designated from Non-Executive Director to Independent Director of the Company.

Mr Mah is a graduate in Science from the University of Malaya and is an industry veteran who spent more than 5 decades in companies involved in the manufacturing and distribution of sweetened condensed milk, ice-cream, UHT beverages, milk powder packing and other dairy-related products. Experienced and knowledgeable in setting up plants and strategic planning, Mr Mah is instrumental in the development and expansion plans of the dairies, packaging and beverage divisions of the Group since its inception.

Mr Mah currently acts as a Consultant for the Group's wholly-owned subsidiary, Motivage Sdn Bhd, for the setting up of the Group's sweetened condensed milk manufacturing plant in Selangor Halal Hub in Pulau Indah. He provides advice and guidance on dairy factory design and process design, review construction layout, sourcing of machineries and equipment as well as business advisory services such as raw materials procurement and production process.

Apart from the directorship of the Company, Mr Mah does not hold directorship in any other listed companies.

Mr Mah was last re-appointed as a Director at the AGM held in January 2016. He will retire at the forthcoming AGM and will offer himself for re-election.

KEY MANAGEMENT

KHOR SIN KOK
Deputy Group Chief Executive Officer

Mr Khor Sin Kok was appointed as Deputy Group Chief Executive Officer on 1 February 2017. He holds a degree in Mechanical Engineering from the University of Leeds, UK and a Master degree in Business Administration majoring in Finance from Michigan State University, USA.

Mr Khor has previously worked for the Envictus Group from 1 November 1996 to 30 June 2014, the last position being the Deputy Group Chief Operating Officer of the Company. During his tenure with the Envictus Group, he was one of the key management involved in the setting up of the factory and business operations of Etika Dairies Sdn Bhd ("EDSB"), a company which was involved in the manufacturing of condensed milk and subsequently sold to Asahi Group Southeast Asia Holdings Pte. Ltd. ("Asahi") in June 2014. Following the completion of the disposal to Asahi, Mr Khor was employed by EDSB as its Deputy Group Chief Operating Officer from 1 July 2014 to 31 December 2014.

Mr Khor has also worked in a Malaysian dairy division of a group listed on the SGX-ST in 1985 as Assistant Project Development Manager. During his 12 years tenure with the said company, he was involved in market research activities, project feasibility studies and implementation and manufacturing operations of various product lines like sweetened condensed milk, evaporated milk, milk powder packing, ice-cream, UHT beverages, sterilised and pasteurised products in plastic bottle and gable-top paper carton and can making plant.

BILLY LIM YEW THOON
Chief Financial Officer

Mr. Billy Lim joined Envictus as Chief Financial Officer on 1 March 2011. He is a Fellow member of the Association of Chartered Certified Accountants, a member of the Malaysia Institute of Accountants, a member of the Malaysian Institute of Corporate Governance, an Associate member of the Chartered Tax Institute of Malaysia and an Associate member of Institute of Internal Auditors.

Mr Lim brings with him a wealth of experience of more than 18 years in the audit practice and another 8 years in the commercial industry. He has also worked as the General Manager of Internal Audit for more than 3 years in a large public corporation listed on Bursa Malaysia Securities Berhad. His commercial experience includes monitoring of manufacturing and gaming operations located in Malaysia and overseas as well as participation in the negotiation and takeover of companies.

Prior to joining Envictus, Mr Lim was a Director of a consulting firm which has been providing consultancy and internal audit services to a Malaysian listed company. He was also a sole proprietor of a firm of practising accountants.

DATO' LAWRENCE POK YORK KEAW
Chief Executive Officer – Frozen Food Division

Dato' Lawrence Pok has extensive experience in the hotel and restaurant industry. He is the Chief Executive Officer of Envictus' Frozen Foods Division and had been with Pok Brothers Sdn Bhd ("PBSB") since the mid 1960's. He was instrumental in building up PBSB from a mini-market trader to an importer of quality foods and distributor of a classic range of international branded products. Among others, his notable achievements include the expansion of PBSB's operations into the manufacturing of value added halal food products through the establishment of De-luxe Food Services Sdn Bhd ("DFSSB") in the early 1980s. The products offered by DFSSB comprise of portion control meat, delicatessen meat, smoked salmon, bread and pastry products and many more were aimed to complement and enhance the business and service that were offered by PBSB then.

Dato' Lawrence Pok continued to head the operations of PBSB and its group following the acquisition by Envictus Group in 2006. He is currently overseeing the Trading and Frozen Food Division and Butchery sub-division undertaken by Gourmessa Sdn Bhd.

KEY MANAGEMENT

RICHARD ROWNTREE

Managing Director, Naturalac Nutrition Ltd

Mr Richard Rowntree has overall responsibility for the nutritional products business. Based in New Zealand, the business heritage is in the niche health & fitness centre sales. With the market's broader awareness of the role of supplementary nutrition to assist achieving personal performance goals future prospects for growth lie in further development of mass market channels in New Zealand and Australia. Mr Rowntree also represents the group's interests in relation to ensuring the success of Envictus Dairies NZ Limited the aseptic UHT beverage manufacturing business based in New Zealand. The potential for growth of this business will draw on Mr Rowntree's extensive experience in international business development. Prior to his appointment to his current role with Naturalac Nutrition Ltd in March 2003, he had been employed in international business development senior management roles with a number of public-listed New Zealand based companies including Cerebos, Fletcher Challenge and (Heinz) Watties. Mr Rowntree has had previous experience in leading export business development into markets including United Kingdom, Australia, the Pacific Islands and a number of South East Asian countries.

NEIL MCGARVA

Chief Executive Officer, Envictus Dairies NZ Ltd

Mr Neil McGarva studied food science at Massey University and holds a Royal Society of Health Diploma in Public Health Inspection. He spent 10 years working for NZ Government as a food safety auditor and Environmental Health Officer.

In 1992, he established Pandoro Bakeries, an Artisan bread manufacturing factory in Auckland, New Zealand, expanding operations to multiple manufacturing sites Nationwide. In 2002, he established the Natural Pet Treat Company in Auckland, which continues today as a major manufacturer and exporter of quality natural pet foods. In 2006, he established New Zealand's first UHT Aseptic PET Bottling plant in Hawkes Bay. In 2009, he merged this operation with Envictus International Holdings Limited to form Etika Dairies NZ Ltd, now known as Envictus Dairies NZ Ltd, in 2014.

He is currently CEO of Envictus Dairies NZ Ltd, a contract manufacturer of ESL and shelf stable PET bottled plain and flavoured milk, protein drinks, juice, lactose free milk, drinking yoghurt, coconut milk and almond milk for domestic and export markets.

DAIRIES

CORPORATE GOVERNANCE

THE DIRECTORS AND MANAGEMENT OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED ("ENVICTUS" OR THE "COMPANY") AND ITS SUBSIDIARIES (COLLECTIVELY WITH THE COMPANY, THE "GROUP") ARE COMMITED TO MAINTAIN HIGH STANDARDS OF CORPORATE GOVERNANCE IN ORDER TO PROTECT THE INTERESTS OF ITS SHAREHOLDERS AS WELL AS ENHANCE CORPORATE PERFORMANCE AND BUSINESS SUSTAINABILITY.THE GROUP WILL CONTINUE TO UPHOLD GOOD CORPORATE GOVERNANCE PRACTICES CONSISTENT WITH THE PRINCIPLES OF THE CODE OF CORPORATE GOVERNANCE (THE "CODE"), WHICH FORMS PART OF THE CONTINUING OBLIGATIONS OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")'S LISTING MANUAL.

THIS REPORT OUTLINES THE GROUP'S CORPORATE GOVERNANCE PROCESSES AND ACTIVITIES THAT WERE IN PLACE THROUGHOUT THE FINANCIAL YEAR, WITH SPECIFIC REFERENCE TO THE CODE AS REVISED BY THE MONETARY AUTHORITY OF SINGAPORE ("MAS") ON 2 MAY 2012. DEVIATIONS FROM THE CODE, IF ANY, ARE EXPLAINED UNDER THE RESPECTIVE SECTIONS.

BOARD MATTERS

PRINCIPLE 1 : THE BOARD'S CONDUCT OF ITS AFFAIRS

The primary function of the Board of Directors ("the Board") is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group and has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investments proposals, financial performance reviews and corporate governance practices.

In addition, the principal duties of the Board include:

1. providing entrepreneurial leadership and guidance on the overall long-term strategic plans and performance objectives as well as operational initiatives and to ensure that the necessary financial and human resources are in place to meet its objectives;
2. reviewing the performance of the Group Chief Executive Officer ("Group CEO") and senior management executives and ensures they are appropriately remunerated;
3. reviewing the adequacy and effectiveness of the Group's risk management and internal control systems, financial reporting and compliance, operational compliance and information technology controls;
4. reviewing and approving key operational and business initiatives, major funding proposals, significant investment and divestment proposals, corporate or financial restructuring, share issuance and dividends, the Group's annual budgets and capital expenditure, the Group's operating and financial performance, risk management processes and systems, human resource requirements, the release of quarterly and full year financial results and other corporation actions;
5. setting the Company's values and standards and ensure that obligations to shareholders and other stakeholders are understood and duly met;
6. considering sustainability issues such as environmental and social factors as part of its strategic formulation; and
7. providing the management with advice on issues raised and at the same time monitors the performance of the management.

<u>Independent Judgement</u>

All directors exercise due diligence and independent judgement and make decisions objectively in the best interests of the Group.

<u>Delegation by the Board</u>

The Board has delegated certain of its functions to the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These committees operate under a clearly defined terms of reference. The Chairman of the respective Committees reports the outcome of the Committees meetings to the Board.

CORPORATE GOVERNANCE

Key features of board processes

The dates of the Board and board committee meetings are scheduled in advance to assist the directors in planning their attendance. The Board meets at least three times a year and as warranted by particular circumstances. Ad-hoc meetings are also convened to deliberate on urgent and substantive matters. Telephone attendance and conference via audio-visual communication at Board and board committee meetings are allowed under the Company's Constitution.

Directors' attendance at Board and Board Committee Meetings in FY2018

The attendance of the directors at meetings of the Board and Board committees is as follows:

	Board	Audit Committee	Remuneration Committee	Nominating Committee
No. of meetings held in FY2018	5	4	2	2
Number of meetings attended				
Dato' Jaya J B Tan	5	4	2	2
Datuk Sam Goi Seng Hui	5	N/A	N/A	N/A
Dato' Kamal Y P Tan	5	N/A	N/A	N/A
Mah Weng Choong	5	N/A	N/A	N/A
Teo Chee Seng	5	4	2	2
John Lyn Hian Woon	5	4	2	2

N/A - not applicable as director is not a member of the committee.

Board Approval

The Group has adopted a guideline setting forth matters that require the Board approval. The types of material transactions that require Board approval, among others, include:

1. Announcements for the quarterly and full-year results;
2. Audited Financial Statements;
3. Convening of shareholders' meetings;
4. Declaration of interim dividends and proposal of final dividends;
5. Acceptance of financial facilities and issuance of corporate guarantee;
6. Annual operating and capital budgets;
7. Approval of material acquisition and disposal of assets; and
8. Interested person transactions.

Induction and training of Directors

The Group conducts an orientation briefing to provide newly appointed directors with a better understanding of the Group's business activities, strategic direction and policies, key business risks, governance practices and Group culture to enable them to assimilate into their new roles. Upon the appointment of each director, the Company would provide a formal letter to the director setting out the director's duties and obligations. The directors will be encouraged, on the Company's expense, to attend appropriate training, conferences and seminars for them to stay abreast of relevant business developments and outlook.

The Board is briefed on recent changes on the accounting standards and regulatory updates. The Group CEO updates the Board at each meeting on business and strategic developments of the Group. As part of the Company's continuing education for directors, directors are provided with articles, reports and press releases relevant to the Group's business to keep them updated on current industry trends and issues.

No external training was attended by the directors in FY2018.

CORPORATE GOVERNANCE

PRINCIPLE 2 : BOARD COMPOSITION AND GUIDANCE

Presently, the Board of Directors ("the Board") of Envictus comprises the following directors:

Name	Age	Date of first appointment	Date of last re-election/ re-appointment	Designation
Dato' Jaya J B Tan	71	23.12.2003	27.01.2016	Non-Executive Chairman
Datuk Sam Goi Seng Hui	72	09.01.2013	30.01.2018	Non-Executive Vice-Chairman
Dato' Kamal Y P Tan	66	23.12.2003	18.01.2017	Group Chief Executive Officer
Mah Weng Choong*	80	03.08.2004	27.01.2016	Independent Director
Teo Chee Seng	64	03.08.2004	30.01.2018	Independent Director
John Lyn Hian Woon	60	03.08.2004	18.01.2017	Independent Director

*Mr Mah Weng Choong was re-designated from Non-Executive Director to Independent Director on 1 October 2017.

Each year, the NC reviews the size and composition of the Board and board committees and the skills and core-competencies of its members to ensure an appropriate balance of skills and experience. These competencies include business acumen, legal, accounting and finance, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management. The Board considers its directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group's businesses and the number of board committees, the Board considers the current board size as appropriate. The Board believes that the current composition and size provides sufficient diversity without interfering with efficient decision making. The directors' academic and professional qualifications are presented under the section "Board of Directors" in this annual report.

Non-executive directors constructively challenge and help develop proposals on strategy and review the performance of the management in meeting agreed goals and objectives and the reporting of performance. They are encouraged to meet regularly without the presence of the management.

Independent Directors

Guideline 2.1 of the Code provides that there should be a strong and independent element on the Board, with independent directors making up to at least one-third of the Board. Guideline 2.2 further provides that the independent directors should make up at least half of the Board where:-

a) the Chairman of the Board (the "Chairman") and the CEO is the same person;
b) the Chairman and the CEO are immediate family members;
c) the Chairman is part of the management; or
d) the Chairman is not an independent director.

In accordance with the Code, changes needed to comply with the requirement for independent directors to make up at least half of the boards in specified circumstances (as shown above) should be made at the Annual General Meetings ("AGMs") following the end of financial year commencing on or after 1 May 2016.

For FY2018, the Board structure comprised of 3 non-independent directors and 3 independent directors. Hence, the Company has complied with the requirement of having independent directors making up at least half of the Board.

Directors' independence review

Director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere with the exercise of the director's independent business judgement in the best interests of the Company is considered independent.

CORPORATE GOVERNANCE

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent. For the purpose of determining the directors' independence, every director has provided declaration of their independence which is deliberated upon by the NC and the Board. After taking into account the views of the NC, the Board considers that the following directors are regarded non-independent directors of the Company for FY2018:

Name of Directors	Reasons for non-independence
Dato' Jaya J B Tan	Dato' Jaya is not independent as he holds more than 10% of the Company's voting shares. Dato' Jaya is the brother of Dato' Kamal.
Dato' Kamal Y P Tan	Dato' Kamal is not independent as he is employed as the Group CEO and also holds more than 10% of the Company's voting shares. Dato' Kamal is the brother of Dato' Jaya.
Datuk Sam Goi Seng Hui	Datuk Goi is not independent as he holds more than 10% of the Company's voting shares.

Save for the abovementioned directors, all the other directors on the Board are considered by the NC and the Board to be independent directors.

The Board also recognizes that independent directors may over time develop significant insights in the Group's business and operations and can continue to provide significant and valuable contribution objectively to the Board as a whole. When there are such directors, the Board will do a rigorous review of their continuing contribution and independence and may exercise its discretion to extend the tenures of these directors.

Independent directors, Mr John Lyn Hian Woon, Mr Teo Chee Seng and Mr Mah Weng Choong, have each served on the Board for more than nine years. The NC has conducted a rigorous review of their contributions to the Board to determine if they have maintained their independence. The NC and the Board are satisfied with their continued independence in character and judgement in discharging their responsibilities as Directors of the Company with the utmost commitment to protect and uphold the interests of the Company and all shareholders, not just the substantial shareholders and found no evidence to indicate that the length of service has in any way affected their respective independence.

Mr Lyn, Mr Teo and Mr Mah have also contributed significantly to the discussion on matters before the Board, which includes matters relating to the strategic direction and corporate governance of the Group, expressed individual viewpoints, debated issues, sought clarification as they deemed necessary including direct access to the Management and objectively scrutinised the Management. Having gained in-depth understanding of the business, operating environment and direction of the Group, they provided the Group with much needed experience and knowledge of the industry, impartial and autonomous views at all times and offered valuable advice. They have independent income source apart from the fees received from the Group. Accordingly, the NC, with the concurrence of the Board, is satisfied that Mr Lyn, Mr Teo and Mr Mah have remained independent in their judgement and can continue to discharge their duties objectively.

When a director has multiple board representations, the NC also considers whether or not the director is able to and has adequately carried out his/her duties as a director of the Company. The NC is of the view that there is no current need to determine the maximum number of board representations a director should have as the NC is satisfied that the directors have been giving sufficient time and attention to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. Board and Board Committee meetings are scheduled in advance to facilitate the directors' scheduling of their commitments.

The NC is satisfied that all directors have discharged their duties adequately for the financial year ended 30 September 2018.

Currently, there is no alternate director in the Board.

CORPORATE GOVERNANCE

PRINCIPLE 3 : CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the CEO functions in the Company are assumed by different individuals. The Chairman is Dato' Jaya J B Tan and the Group CEO is Dato' Kamal Y P Tan. Dato' Jaya and Dato' Kamal are brothers. There is a clear division of responsibilities between the Chairman and the Group CEO, which ensures the balance of power and authority at the top of the Company.

The Chairman is responsible for the effective workings of the Board and promotes high standards of corporate governance. He ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with other directors and the key management. He also reviews Board papers before they are presented to the Board to ensure that information provided to the Board members is adequate. During the Board meetings, he facilitates effective contributions and constructive discussions on strategic issues and business planning from the executive and non-executive directors. He plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management at AGMs and other shareholders meetings.

The Group CEO is responsible for the running of the day-to-day business of the Group within the authorities delegated to him by the Board, ensuring implementation of policies and strategy across the Group as set by the Board, ensuring that the Chairman is kept apprised in a timely manner of issues faced by the Group and of any important events and developments and leading the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performances of its existing businesses.

The Board has consistently demonstrated it is able to exercise independent decision-making and because of this, the Board has not appointed a lead independent director to date. Notwithstanding this, it may appoint one in the interest of embracing recommended best practices. The Board is of the opinion the role of Dato' Kamal as Group CEO of the Company does not affect the independence of the Board.

Shareholders who wish to contact the independent directors to address any queries on the Company's affairs may access to the Company's website at www.envictus-intl.com/contact.

PRINCIPLE 4 : BOARD MEMBERSHIP

The members of the board committees of the Company are as follows:

Directors	Audit Committee	Nominating Committee	Remuneration Committee
John Lyn Hian Woon	Chairman	Member	Member
Teo Chee Seng	Member	Chairman	Chairman
Dato' Jaya J B Tan	Member	Member	Member

<u>NC Composition</u>

The NC comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the NC are as follows:

Teo Chee Seng (Chairman)	Non-Executive, Independent
John Lyn Hian Woon (Member)	Non-Executive, Independent
Dato' Jaya J B Tan (Member)	Non-Executive

The NC has adopted its terms of reference that describes the responsibilities of its members.

The NC decides how the Board should be evaluated and selects a set of performance criteria that is linked to long-term shareholders' value, to be used for performance evaluation of the Board.

The NC performs the following principal functions:

- reviews the structure, size and composition of the Board and make recommendations to the Board;
- identifies candidates and reviews all nomination for the appointment and re-appointment of members of the Board;
- determines annually whether or not a Director is independent in accordance with the guidelines of the Code;
- decides how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval; and
- assesses the effectiveness of the Board as a whole, as well as the contribution by each member of the Board.

The Board has power from time to time and at any time to appoint a person as a director to fill a casual vacancy or as an addition to the Board. Any new directors appointed during the year shall only hold office until the next Annual General Meeting ("AGM") and submit themselves for re-election and shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

Regulation 87 of Envictus' Constitution requires the Managing Director, Chief Executive Officer or President (or person holding an equivalent position) who is a director to be subject to retirement by rotation.

Regulation 91 of Envictus' Constitution requires one third of the Board to retire by rotation at every AGM. The directors must present themselves for re-nomination and re-election at regular intervals of at least once every three years.

In reviewing the nomination of the retiring directors, the NC considered the performance and contribution of each of the retiring directors, having regard not only to their attendance and participation at Board and Board Committee meetings but also the time and efforts devoted to the Group's business and affairs, especially the operational and technical contributions.

In considering the appointment of any new director, the NC ensures that the new director possesses the necessary skills, knowledge and experience that could facilitate the Board in the making of sound and well-considered decisions. For re-appointments, NC takes into account the individual director's past contributions and performance.

The NC has recommended the nomination of directors retiring pursuant to the Company's Constitution, namely Dato' Jaya J B Tan (pursuant to Regulation 91) and Mr Mah Weng Choong (pursuant to Regulation 91) who will retire and submit themselves for re-election at the forthcoming Annual General Meeting. The NC is satisfied that both Dato' Jaya and Mr Mah are properly qualified for re-election by virtue of their skills and experience and their contribution and guidance to the Board's deliberation.

Key information, directorships in other listed companies and other principal commitments of the Directors who held office during the financial year up to the date of this report are disclosed under "Board of Directors" section of the Annual Report.

PRINCIPLE 5 : BOARD PERFORMANCE

The Board regularly reviews the performance of the Management in meeting agreed goals and objectives and monitors the reporting of performance.

The NC reviews on an annual basis the composition and skills of the Board and determines if it is adequate and appropriate having regard to the nature and scope of the Company's operations and the costs involved.

The NC assesses and makes recommendations to the Board as to whether retiring directors are suitable for re-election.

The NC has conducted a formal assessment of the effectiveness of the Board for the financial year under review. The NC reviewed the Board's performance informally with inputs from the other Board members and the Executive Directors. The evaluation exercise is carried out annually by way of a Board Assessment Checklist, which is circulated to the Board members for completion and thereafter, for the NC to review and determine the actions required to improve the corporate governance of the Company and the effectiveness of the Board and Board committees as a whole. The performance criteria for the Board/Board Committees evaluation are in respect of size and composition, directors' independence, Board's accountability, board process, internal controls, quality of agenda/board papers, standard of conduct and risk management etc.

The evaluation of the Chairman of the Board is undertaken by the RC and the NC and the results are reviewed by the Board. The assessment of the Chairman of the Board is based on his ability to lead, whether he established procedures to ensure the effective functioning of the Board and that the time devoted to board meetings were appropriate and are conducted in a manner that facilitate open communication and meaningful participation for effective discussion and decision making by the Board.

CORPORATE GOVERNANCE

PRINCIPLE 6 : ACCESS TO INFORMATION

To assist the Board in its discharge of duties and responsibilities, Management is required to provide adequate and timely information to the Board on Group affairs and issues that require the Board's decision as well as on-going reports relating to operational and financial performance of the Group. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through other means e.g. electronic mail and teleconferencing. Directors are also updated on initiatives and developments for the Group's business whenever possible on an on-going basis.

The Board has separate and independent access to the Company's senior management and the Company Secretaries. At least one of the Company Secretaries attends the Board and Board committee meetings and is responsible for ensuring that board procedures are followed in accordance with the constitution of the Company, and that applicable rules and regulations are complied with.

The Board is entitled to request from the Management and should be provided with such additional information as needed to make informed decisions. The Management shall provide the same in a timely manner. Information provided includes board papers and related materials, background or explanatory information related to matters brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.

The appointment and removal of the Company Secretary are subject to the Board's approval.

Management will, upon direction by the Board, get independent professional advice in furtherance of their duties, at the Company's expense.

PRINCIPLE 7 : REMUNERATION COMMITTEE
PRINCIPLE 8 : LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9 : DISCLOSURE ON REMUNERATION

The Remuneration Committee ("RC") comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee, namely:

Teo Chee Seng (Chairman)	Non-Executive, Independent
John Lyn Hian Woon (Member)	Non-Executive, Independent
Dato' Jaya J B Tan (Member)	Non-Executive

The RC has adopted its terms of reference that describes the responsibilities of its members.

The role of the RC is to review and recommend remuneration policies and packages for directors and key executives and to disseminate proper information on transparency and accountability to shareholders on issues of remuneration of the executive directors of the Group and employees related to the executive directors and controlling shareholders of the Group.

The RC's review covers all aspect of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, long-term incentive schemes, including share schemes and benefits in kind. Recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. No Director is involved in deciding his own remuneration.

The Group CEO has entered into service agreement which link rewards with both corporate and individual performance to promote shareholders' interests, long-term success of the Group and risk management policies. The service agreements cover the terms of employment, specifically salary and other benefits. The RC has reviewed the Company's obligations arising in the event of termination of the Group CEO's contracts of service and is of the view that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The Company currently does not have contractual provisions to reclaim the incentive component of remuneration from the Group CEO and there are no excessively long or onerous removal clauses in the service agreement.

CORPORATE GOVERNANCE

Primary functions performed by RC:

- reviews and recommends to the Board, a framework of remuneration for the Board and key executives taking into account factors such as industry benchmark, the Group's and individual's performance;
- reviews the level of remuneration that are appropriate to attract, retain and motivate the directors and key executives;
- ensures adequate disclosure on directors' remuneration;
- reviews and recommends to the Board the terms for renewal of directors' service contracts;
- reviews and administers the Envictus Employee Share Option Scheme (the "Scheme") adopted by the Group and decides on the allocations and grants of options to eligible participants under the Scheme; and
- recommends to the Board, the Executive Share Option Schemes or any long-term incentive schemes which may be set up from time to time and does all acts necessary in connection therewith.

The RC has the authority to seek appropriate external or other independent professional advice in the field of executive compensation as it considers necessary to carry out its duties. During the financial year, the RC did not require the service of an external remuneration consultant.

Remuneration paid to Directors and the CEO

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of Group CEO and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

The Board concurred with the RC that the proposed directors' fees for the year ended 30 September 2018 payable to the Non-Executive Directors is appropriate taking into consideration the level of contributions by the directors and factors such as effort and time spent on the Board and Board Committees as well as the responsibilities and obligations of the Directors.

Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

Remuneration paid to the directors and the Group CEO for FY2018 is as follows:

	Salary* %	Directors' Fees %	Bonus** %	Total Remuneration %
Directors				
Below S$250,000				
Dato' Jaya J B Tan	-	100.0	-	100.0
Datuk Sam Goi Seng Hui	-	100.0	-	100.0
Mah Weng Choong	-	100.0	-	100.0
Teo Chee Seng	-	100.0	-	100.0
John Lyn Hian Woon	-	100.0	-	100.0
Group CEO				
S$250,000 to below S$500,000				
Dato' Kamal Y P Tan	84.3	-	15.7	100.0

Notes:

* Inclusive of benefits in kind, allowances and provident funds, where applicable.

** On receipt basis during FY2018.

The Company has not complied with Guideline 9.2 which requires the Company to disclose the exact details of remuneration of each individual Director and the Group CEO due to the competitive pressures in the talent market and maintaining confidentiality on such matters would be in the best interest of the Company.

CORPORATE GOVERNANCE

The Company is not compliant with Guideline 9.3 of the Code which requires the Company to name and disclose the remuneration of the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. The Board is of the view that it is not in the interests of the Company to disclose the remuneration of the top five key management personnel (who are not Directors) within the bands of S$250,000 each, the breakdown of each individual's remuneration and the aggregate total remuneration due to the sensitive and confidential nature of such information and disadvantages that this might bring which among others include group employment sensitivity, potential staff motivational and retention issues.

On the remuneration of the top five key management personnel, there were three of whom are in the less than S$250,000 band and the remaining two of whom are in between S$250,000 to S$500,000 band.

There is no termination, retirement and post-employment benefits granted to Directors, the CEO and the top five key management personnel.

The Company does not use any contractual provisions to reclaim incentive components of remuneration from the Group CEO in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss of the Company.

The Group adopts a process where the executive directors and key management personnel are reviewed and assessed for individual performance against set performance targets. Performance against these targets is a key factor determining their remuneration. On an annual basis, the RC reviews and makes recommendation to the Board for changes relating to the remuneration of the Group CEO, which includes increment and bonus, and will then submit its recommendation to the Board for approval.

Immediate family members of Directors

Ms Tan San May, the daughter of Dato' Kamal Y P Tan, the Group CEO, is employed by Eureka Capital Sdn Bhd, a subsidiary of the Group, as Head of Bakery and Head of Cafe and has received remuneration during FY2018 in that capacity. Her total remuneration for FY2018 was between S$50,000 and S$100,000, comprising 89.1% salary and 10.9% bonus.

Envictus Employee Share Option Scheme (ESOS)

The ESOS was approved and adopted by its members at an Extraordinary General Meeting held on 8 November 2004. Details of the Company's ESOS and the options granted can be found in the Directors' Statement of this Annual Report.

PRINCIPLE 10 : ACCOUNTABILITY

The Board is accountable to shareholders for the stewardship of the Group. The Board updates shareholders on the operations and financial position of Envictus through quarterly and full-year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. The management is accountable to the Board by providing the Board with the necessary financial information and updates on a timely basis in order that the Board may effectively discharge its duties and make a balanced and informed assessment of the Company's performance, financial position and prospects.

Presently, the management presents to the AC the quarterly and full-year results and the AC reports on the results to the Board for review and approval before releasing the results to the SGX-ST and public via SGXNET.

In presenting the annual financial statements and quarterly announcements to the shareholders, it is the aim of the Board to provide shareholders with detailed analysis and a balanced and understandable assessment of the Company's performance, position and prospects.

All of the directors and the Group CEO have given their undertakings that they shall each in the exercise of their powers and duties comply with the best of their abilities with the provisions of the Listing Manual of the SGX-ST and will procure the Company to do so.

For the financial year under review, the Group CEO and Chief Financial Officer have provided assurance to the Board on the integrity of the financial statements of the Group. The Board has also provided a negative assurance to the shareholders on the quarterly results.

CORPORATE GOVERNANCE

PRINCIPLE 11 : RISK MANAGEMENT AND INTERNAL CONTROLS

The Board reviews the risk profile of the Group and ensures that there are robust risk management policies and internal controls in place. The Board has delegated the responsibility for setting the direction of the Group's risk management strategy to Management. The key risks of the Group have been identified within a group risk framework that has been approved by Management and the AC.

The Group has established risk management policies, guidelines and control procedures to manage its exposure risks. Details of the various financial risk factors and the management of such risks are outlined in the financial statements.

It is part of the Board's role to ensure that there are adequate policies for risk management and internal controls and to oversee the effectiveness of the policies in achieving the Group's goals and objectives. The responsibility for implementing appropriate policies and procedures to achieve effective risk management and internal control is delegated to Senior Management. The overall framework established by Management is designed to enhance the soundness of the Group's financial reporting, risk management, compliance and internal control systems which include:

- process improvement initiatives undertaken by business units;
- benchmarking against key risk indicators, such as loss reporting, exceptions reporting and management reviews;
- annual formal evaluations by the heads of business units and support functions on the soundness, effectiveness and efficiency of the financial reporting, risk management;
- compliance and internal control systems in their respective areas of responsibility;
- implementation of formal policies and procedures relating to the delegation of authority;
- involvement of experienced and suitably qualified employees who take responsibility for important business functions; and
- segregation of key functions that are deemed incompatible and that may give rise to a risk that errors or irregularities may not be promptly detected.

There is an organisational structure with clearly drawn lines of accountability and delegation of authority. There are documented procedures in place that cover management accounting, financial reporting, investment appraisal, information systems security, compliance and other risk management issues.

The systems that are in place are intended to provide guidance in managing and mitigating the business risks in safeguarding assets, maintenance of proper accounting records, the reliability of financial information, compliance with applicable legislation and best practice, but not absolute assurance against misstatements or losses.

A system of internal controls has been implemented for all companies within the Group. The controls are designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication is accurate and reliable.

While no system can provide absolute assurance against loss or misstatement, Management, in designing the controls, had taken into account the business risk, its likelihood of occurrence and the cost of protection. During the financial year, the AC, on behalf of the Board, has reviewed the effectiveness of the various systems in place by Management and is satisfied that there are adequate internal controls in the Group.

Based on the internal controls established and maintained by the Group, the work performed by the external auditors and the reviews conducted by the Management, the Board, with the concurrence of the AC is of the opinion that the Group's risk management and internal controls systems addressing financial, operational, compliance and information technology risks were adequate as at 30 September 2018.

In addition, for the financial year under review, the Group CEO and the CFO have provided assurance to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

CORPORATE GOVERNANCE

PRINCIPLE 12 : AUDIT COMMITTEE

The Audit Committee ("AC") comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the AC as at the date of this report are as follows:

John Lyn Hian Woon (Chairman)	Non-Executive, Independent
Teo Chee Seng (Member)	Non-Executive, Independent
Dato' Jaya J B Tan (Member)	Non-Executive

The principal responsibility of the AC is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the Group's material internal controls, including financial, operational, compliance and risk management controls at least once annually, to safeguard the Company's assets and maintain adequate accounting records, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group.

The AC has authority to investigate any matter within its terms of reference, gain full access to and co-operation by Management, exercise full discretion to invite any director or executive officer to attend its meetings, and gain reasonable access to resources to enable it to discharge its function properly.

The AC will meet with the external auditors without the presence of the Management at least once a year to review the scope and results of the audit and its cost effectiveness, as well as the independence and objectivity of the external auditors.

The AC has undertaken a review of all non-audit services provided by the external auditors and is of the opinion that the provision of such services would not affect the independence of the auditors.

The members of the AC will carry out their duties in accordance with the terms of reference which include the following:

- review and discuss with external auditors before the audit commences, the nature and scope of the audit to ensure co-ordination where more than one audit firm is involved;
- review audit plans and results of the audit performed by the external auditors and ensure adequacy of the Group's system of accounting controls;
- review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors;
- review the announcements of the financial results;
- review the Company's material internal controls;
- review independence of the external auditors;
- review interested person transactions;
- review the co-operation given by the management to the external auditors; and
- review the appointment and re-appointment of external auditors of the Company's and the audit fees.

The external auditors have full access to the AC who has the express power to conduct or authorise investigations into any matters within its terms of reference. Minutes of the AC meetings will be regularly submitted to the Board for its information.

The AC has reviewed the Group's risk assessment, and based on the audit reports and management controls in place, is satisfied that there are adequate internal controls in the Group.

For the financial year under review, the Group has accrued an aggregate amount of audit fees of RM660,129, comprising audit fees of RM219,015 paid to auditors of the Company; and RM356,523 and RM84,591 paid to other auditors for audit fees and non-audit service fees, respectively. In compliance with Rule 1207(6) of the Listing Manual issued by Singapore Exchange Securities Trading Limited, the AC confirmed that it has undertaken a review of all non-audit services provided by the Auditors and they would not, in the AC's opinion, affect the independence of the Auditors.

The Group has complied with Rules 712 and 715 of the Listing Manual in relation to its Auditors.

The AC has recommended the re-appointment of BDO LLP as Auditors for the ensuing year, subject to shareholders' approval at the forthcoming AGM.

The Group has put in place a whistle-blowing policy, endorsed by the AC where employees of the Group and outside parties may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions.

The AC is guided by the terms of reference which stipulate its principal functions. The Company will arrange to send its AC members to seminars for updates on Financial Reporting Standards, if required. The external auditors provides regular updates and briefings to the AC on changes or amendments to accounting standards to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

PRINCIPLE 13 : INTERNAL AUDIT

The Board is cognizant of its responsibility for maintaining a sound system of internal controls to safeguard the shareholders' investment and the Group's assets and business. Envictus' auditors, BDO LLP, carry out, in the course of their statutory audit, a review of the effectiveness of Envictus' material internal controls, annually to the extent of their scope laid out in their audit plan.

Material non-compliance and internal control weaknesses noted during their audit and the auditors' recommendations are reported to the AC members. For FY2018, the Board with the concurrence of the AC, is of the view that the system of internal controls that has been maintained by Envictus' management throughout the financial year is adequate to meet the needs of Envictus having addressed the financial, operational and compliance risks. In an effort to further enhance and improve the Group's system of internal controls and risk management policies, internal audit will be carried out on companies within the Group identified by the AC and deemed necessary. The internal audit will be outsourced by the Company.

PRINCIPLE 14 : SHAREHOLDER RIGHTS

The Company is committed to treating all shareholders fairly and equitably. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on an accurate and timely basis via SGXNet, in particular, information relating to the Company's business development and financial performance which could have a material impact on the Company's share price so as to enable shareholders to make informed decisions in respect of their investments.

All shareholders receive the Company's annual report and notice of AGM within the prescribed notice period set out in the Company's Constitution and the prevailing laws and regulations. The notice is also released via SGXNet and published in local newspaper.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend and vote at general meetings on his/her behalf. On 3 January 2016, amendments to the Companies Act (Chapter 50) came into force, under which, among other things certain members defined as "relevant intermediary" are allowed to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the Central Provident Fund ("CPF") Board which purchases shares on behalf of the CPF investors.

Shareholders are given the opportunity to participate effectively and vote at general meetings where relevant rules and procedures governing such meeting are clearly communicated. All resolutions at general meetings of the Company will be voted by poll as required by Rule 730A(2) of the Listing Manual.

PRINCIPLE 15 : COMMUNICATION WITH SHAREHOLDERS

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Besides the release of quarterly results, the Company ensures timely and adequate disclosure of information on material matters required by SGX-ST's Listing Manual through announcements via the SGXNET. The Company does not practice selective disclosure of material information.

The Company values dialogue sessions with its shareholders. The Group welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. Shareholders can submit their feedback and raise any questions to the Company's investor relation contact as provided in the Company's website, www.envictus-intl.com

CORPORATE GOVERNANCE

Dividend Policy

The Company does not have an official dividend policy. The amount of dividends, if any declared, will depend on the factors that include the Group's profit level, cash position and future cash needs. For FY2018, the Company did not declare any dividend.

PRINCIPLE 16 : CONDUCT OF SHAREHOLDERS MEETINGS

The Group strongly encourages shareholders' participation during the AGM. All shareholders are encouraged to attend the AGM to ensure high level of accountability and to stay informed of the Group's strategies and visions. The Board of Directors, the AC members and other committee members, the CEO, auditors and the Company Secretary/Secretaries will be present and are available to address any questions from shareholders regarding the Group and its businesses.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend and vote at general meetings on his/her behalf. On 3 January 2016, amendments to the Companies Act (Cap. 50) came into force, under which, among other things certain members defined as "relevant intermediary" are allowed to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the Central Provident Fund ("CPF") Board which purchases shares on behalf of the CPF investors.

At the AGMs and other general meetings, separate resolutions are proposed for substantially separate issues for items of special business. Where appropriate, an explanation for any proposed resolution would be provided.

At the last AGM held by the Company, all Directors of the Company, legal advisor and external auditors, were present to address queries from the shareholders who attended the AGM and all resolutions were put to vote by poll. The results of the electronic poll voting were published instantaneously at the AGM.

The Company's Constitution does not allow a shareholder to vote in absentia due to concerns on authentication of shareholder's identity, other related security and integrity of the information.

Minutes of general meetings include substantial and relevant queries or comments from shareholders relating to the agenda of the meeting and responses from the Board and Management. These minutes would be available to shareholders upon their request.

MATERIAL CONTRACTS

No material contracts were entered into between the Company or any of its subsidiaries involving the interests of any director, chief executive officer or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year up to the date of the financial statements except for related party transactions and director's remuneration as disclosed in the financial statements.

INTERESTED PERSON TRANSACTIONS

Envictus has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are at arm's length basis. All interested person transactions are subject to review by the AC to ensure compliance with the established procedures.

The aggregate value of interested person transactions entered into during the year were as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S$100,000)
	RM	RM
Khor Sin Kok - Purchase of Motivage Sdn Bhd	24,000,000 (or approximately S$7,921,837)	-

The aggregate value of interested person transactions entered into during the year were as follows: (Continued)

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S$100,000)
	RM	**RM**
Perinsu (Broker Insurans) Sdn Bhd - Insurance premium	1,642,566 (or approximately S$542,173)	-
Tee Yih Jia Food Manufacturing Pte Ltd - Purchase of goods and advertising and promotion income	762,035 (or approximately S$251,530)	-
Lunaseca Motors Sdn Bhd - Purchase of motor vehicles	958,304 (or approximately S$316,314)	-

Based on average exchange rate for the year ended 30 September 2018 of S$1 = RM3.0296

The acquisition of Motivage Sdn Bhd ("MSB") was completed on 21 June 2018. MSB entered into a Consultancy Agreement with Mr Mah Weng Choong, an Independent Director and veteran who had previously contributed to the Group on the setting up and expansion of Etika Dairies' factories due to his in-depth knowledge and experience in the processed milk industry. Mr Mah's primary role is to oversee and monitor the construction of a new factory in Pulau Indah for the manufacturing of sweetened condensed creamer and evaporated creamer. The appointment commenced on 1 July 2018 for a period of 12 months at a monthly consultancy fee of RM15,000. Among others, the scope of work include mechanical and engineering, process flow, type of equipment and machineries, procurement of raw materials and other business advisory services.

Under the Singapore Code of Corporate Governance, the independence of a Director would be affected if the said director of, any organisation to which the company or any of its subsidiaries made, or from which the company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant.

During FY2018, MSB paid Mr Mah a total of RM45,000 (or approximately S$14,850) from 1 July 2018 to 30 September 2018 and this was below the threshold of S$200,000. In connection thereto, Mr Mah will remain independent following his appointment as Consultant by MSB.

DEALINGS IN SECURITIES

The Company has adopted policies in relation to dealings in the Company securities which pursuant to the SGX-ST Best Practices Guide that are applicable to all its directors and officers. The Company and its officers should not deal with the Company's shares during the period commencing two weeks before the quarter results announcement for each of the first three quarters of the financial year and one month before the full-year results announcement, as the case may be, and ending on the date of the announcements of the relevant results.

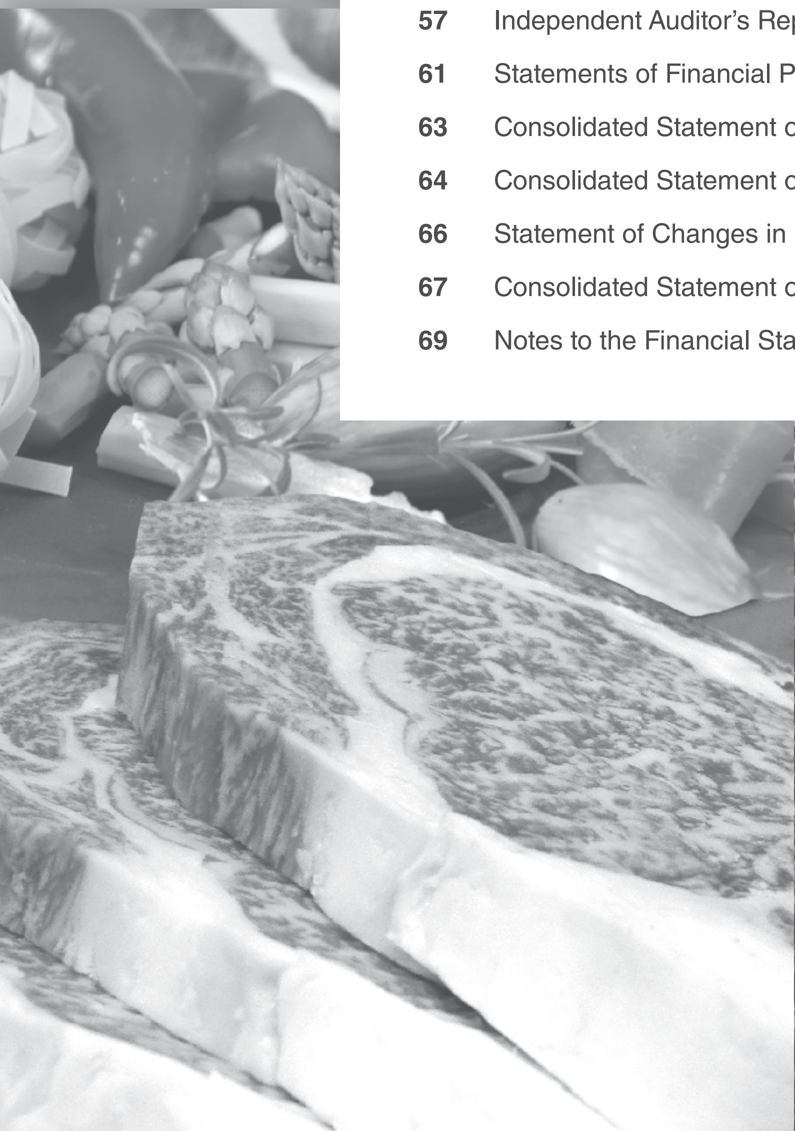
Directors and key executives are also expected to observe the insider-trading laws at all times even when dealing with securities within the permitted trading period and are not to deal in the Company's securities on short-term considerations.

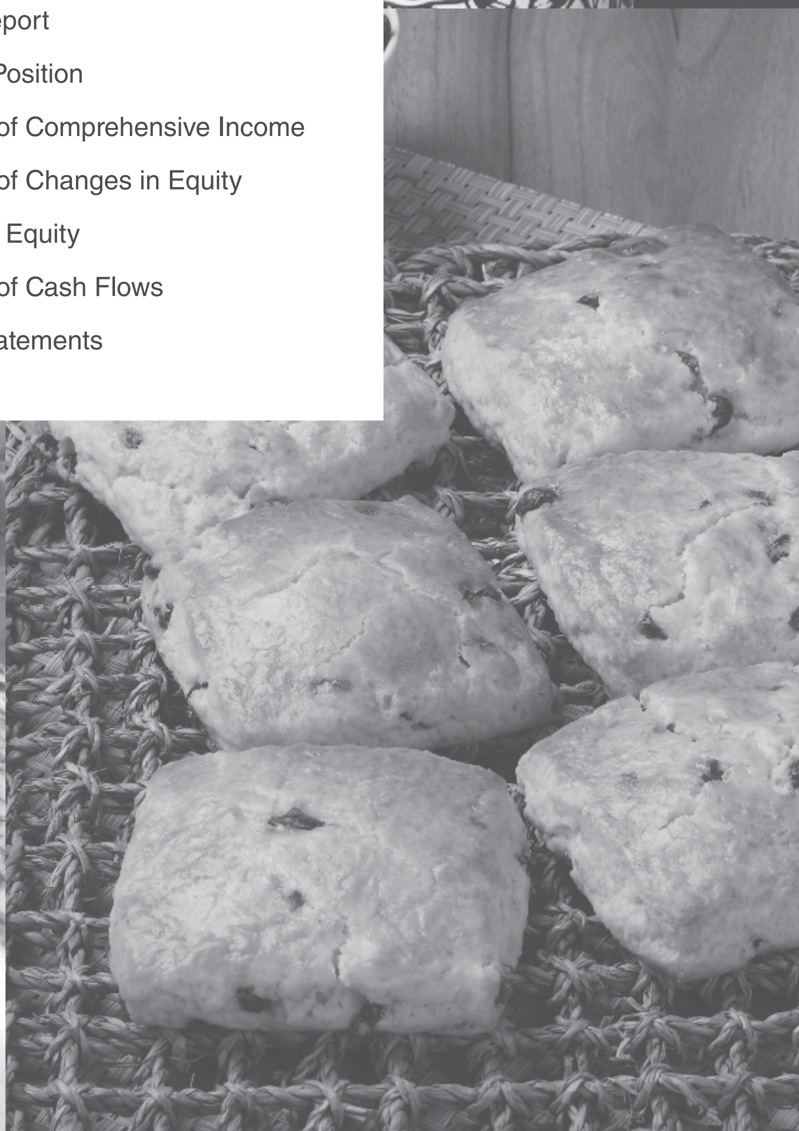
In the course of doing business for the Company and the Group or in discussion with one of customers, vendors or partners, directors and officers of the Company and the Group may become aware of material non-public information about that organisation. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to trade in the public securities of the Company. The discussion of this information is on a limited "need to know" basis internally and is not shared with anyone outside the Company or the Group. Directors and officers are not allowed to buy or sell the public securities of the affected organisations, including the Company, on the basis of such information, nor can this information be shared with others.

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST for the financial year ended 30 September 2018.

FINANCIAL STATEMENTS

53	Directors' Statement
57	Independent Auditor's Report
61	Statements of Financial Position
63	Consolidated Statement of Comprehensive Income
64	Consolidated Statement of Changes in Equity
66	Statement of Changes in Equity
67	Consolidated Statement of Cash Flows
69	Notes to the Financial Statements





DIRECTORS' STATEMENT

The Directors of Envictus International Holdings Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Group and statement of changes in equity of the Company for the financial year ended 30 September 2018 and the statement of financial position of the Company as at 30 September 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2018, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The Directors of the Company in office at the date of this report are:

Dato' Jaya J B Tan	(Non-Executive Chairman)
Datuk Sam Goi Seng Hui	(Non-Executive Vice-Chairman)
Dato' Kamal Y P Tan	(Group Chief Executive Officer)
Mah Weng Choong	(Independent Director)
John Lyn Hian Woon	(Independent Director)
Teo Chee Seng	(Independent Director)

3. SHARE OPTIONS

At an Extraordinary General Meeting held on 8 November 2004, the shareholders approved the Envictus Employee Share Options Scheme ("ESOS") granting share options to employees and Directors of the Group, including the controlling shareholder, namely Dato' Kamal Y P Tan.

On 22 January 2010, the Company's shareholders approved the amendments to the rules of the ESOS as contained in the Circular to Shareholders dated 5 January 2010 to be in line with the relevant laws and regulations of the Listing Manual following the transfer of the listing status from Catalist Board to the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") as well as to better clarify the terms and conditions of the ESOS.

On 24 September 2010, the Company's shareholders approved the participation of the other controlling shareholders, namely Dato' Jaya J B Tan and Tan Yet Meng, in the ESOS.

The Remuneration Committee is responsible for administering the ESOS. As at the date of the report, the members of the Remuneration Committee are Teo Chee Seng, John Lyn Hian Woon and Dato' Jaya J B Tan.

DIRECTORS' STATEMENT

3. SHARE OPTIONS (CONTINUED)

Options granted pursuant to the ESOS are in respect of ordinary shares of the Company. Options exercised and cancelled during the financial year and options outstanding as at the end of the financial year under the ESOS were as follows:

Date of grant	Balance at 01.10.2017	Exercised	Lapsed/ Cancelled	Balance at 30.09.2018	Exercise price*	Exercise period
13.10.2010	2,378,000	-	2,378,000	-	S$2.00	13.10.2012 to 12.10.2017
	2,378,000	-	2,378,000	-		

* The number of options above were granted and exercised prior to the share consolidation exercise of which every five existing shares were consolidated to one share on 12 February 2016. Unexercised options as at 12 February 2016 had been adjusted accordingly.

All of the above options were granted at a discount of 20% of the Market Price. The Market Price was equal to the weighted average price per share, calculated based on the total value of transactions in the share (the sum of each transacted price multiplied by the respective volume) divided by the volume transacted for the last three traded market days immediately preceding the offer date of that option, as determined by reference to the daily official list or other publication published by the SGX-ST and rounded up to the nearest whole cent in the event of fractional prices.

The information on Directors participating in the option schemes are as follows:

Name	Aggregate options granted since commencement of the plan to 30.09.2018	Aggregate options exercised since commencement of the plan to 30.09.2018	Aggregate options exercised since commencement of the plan to 30.09.2017
Directors who are also controlling shareholders			
Dato' Kamal Y P Tan	8,000,000	5,500,000	5,500,000
Dato' Jaya J B Tan	6,000,000	3,900,000	3,900,000
Director			
Mah Weng Choong	4,000,000	2,090,000	2,090,000

There were no share options granted in the Company or its subsidiaries during the financial year under review.

These options do not entitle the holder to participate by virtue of the options, in any share issue of any other corporations.

DIRECTORS' STATEMENT

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraph 3 above.

5. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Shareholdings registered in the name of Directors and Nominees			**Shareholdings in which Directors are deemed to have an interest**		
	Balance as at 21.10.2018	**Balance as at 30.09.2018**	**Balance as at 01.10.2017**	**Balance as at 21.10.2018**	**Balance as at 30.09.2018**	**Balance as at 01.10.2017**
The Company			***Number of ordinary shares***			
Dato' Jaya J B Tan	19,757,472	19,757,472	19,757,472	20,927,414	20,927,414	20,190,214
Datuk Sam Goi Seng Hui	11,606,664	11,606,664	-	15,912,600	15,912,600	15,400,000
Dato' Kamal Y P Tan	19,700,214	19,700,214	19,700,214	20,984,672	20,984,672	20,247,472
Mah Weng Choong	6,287,444	6,287,444	6,287,444	-	-	-
John Lyn Hian Woon	301,100	301,100	17,200	-	-	-
Teo Chee Seng	30,000	30,000	30,000	-	-	-

	Balance as at 21.10.2018#	**Balance as at 30.09.2018#**	**Balance as at 01.10.2017***
The Company	***Number of options pursuant to Employee Share Options Scheme to subscribe for ordinary shares***		
Dato' Jaya J B Tan	-	-	420,000
Dato' Kamal Y P Tan	-	-	500,000
Mah Weng Choong	-	-	382,000

By virtue of Section 7 of the Act, Dato' Jaya J B Tan and Dato' Kamal Y P Tan are deemed to have an interest in all related corporations of the Company.

* The number of options above were granted and exercised prior to the share consolidation exercise of which every five existing shares were consolidated to one share on 12 February 2016. Unexercised options as at 12 February 2016 had been adjusted accordingly.

Unexercised options have lapsed on expiry of the options on 12 October 2017 at 5.00 p.m.

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE

The Audit Committee ("AC") of the Company is chaired by John Lyn Hian Woon (an independent director), and includes Teo Chee Seng (an independent director) and Dato' Jaya J B Tan, who are all non-executive directors. The AC has met four times since the last Annual General Meeting ("AGM") and has carried out its functions in accordance with section 201B(5), including reviewing the following, where relevant, with the executive Directors and external auditors of the Company:

(a) the audit plans of the external auditors;
(b) the Company's and the Group's financial and operating results and accounting policies;
(c) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;
(d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
(e) the co-operation and assistance given by the management to the Company's external auditor;
(f) the re-appointment of the external auditor of the Company;
(g) review and approve interested person transactions;
(h) review potential conflict of interests, if any;
(i) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
(j) generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external auditors have unrestricted access to the audit committee.

The audit committee has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

7. INDEPENDENT AUDITOR

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Dato' Jaya J B Tan
Non-Executive Chairman

Dato' Kamal Y P Tan
Group Chief Executive Officer

6 December 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Envictus International Holdings Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 61 to 140 which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2018;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	AUDIT RESPONSE
1. Impairment of property, plant and equipment	
As at 30 September 2018, the Group's property, plant and equipment amounted to RM317,354,000, net of accumulated brought forward impairment of RM18,221,000, representing 61% of the Group's total assets. During the financial year, management carried out an impairment assessment on certain property, plant and equipment of the Group as there were indicators that those property, plant and equipment may be impaired. In carrying out the impairment assessment, management identified the cash-generating units ("CGUs") to which the property, plant and equipment belong and determined the recoverable amounts of the CGUs by estimating the expected discounted future cash flows over the remaining useful lives of the property, plant and equipment in those CGUs. This required key assumptions to be made regarding the respective sales growth rates, gross margins and relevant discount rates.	Our audit procedures included, amongst others: • Evaluated management's assessment of the remaining useful lives of the property, plant and equipment in the respective CGUs. • Evaluated the reasonableness of management's key assumptions including sales growth rates and gross margins. • Engaged our internal valuation specialist to evaluate the reasonableness of the relevant discount rates. • Performed sensitivity analysis to assess the extent of changes to the key assumptions that would cause the recoverable amounts to be below the carrying amounts of the property, plant and equipment.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED

KEY AUDIT MATTER	AUDIT RESPONSE
1. Impairment of property, plant and equipment (Continued)	
Based on management's assessment, no further impairment loss was required during the current financial year. Due to significant management judgement and estimation involved in the impairment assessment, as well as the materiality of the carrying amount of property, plant and equipment to the Group's financial statements, we have determined this area to be a key audit matter.	

Refer to note 2.6, note 3.2(ii) and note 4 of the accompanying financial statements.

KEY AUDIT MATTER	AUDIT RESPONSE
2. Impairment of intangible assets	
As at 30 September 2018, the Group's intangible assets amounted to RM34,853,000, comprising mainly trademarks, franchise fees and goodwill from the Nutrition, Food Services and Trading and Frozen Food business segments. Under FRSs, the Group is required to carry out impairment assessment at least annually by comparing the carrying amounts of the CGUSs to which the intangible assets belong against the recoverable amounts for intangible assets with indefinite useful lives such as trademarks and goodwill, and franchise fees with definite useful lives if there are indication of impairment. Management has determined the recoverable amounts using the value-in-use method by estimating the present value of the future cash flows from these CGUs and concluded that no impairment is required for the current financial year. We have determined the impairment of intangible assets as a key audit matter due to significant management judgement and estimate involved in the impairment assessment.	Our audit procedures included, amongst others: • Evaluated the reasonableness of management's key assumptions, including sales growth rates and gross margins. We also evaluated management's assessment of the remaining useful lives of the franchise fees. • Engaged our internal valuation specialist to evaluate the reasonableness of the relevant discount rates. • Performed sensitivity analysis to assess the extent of changes to the key assumptions that would cause the recoverable amounts to be below the carrying amounts of the intangible assets. • Evaluated the adequacy of the related disclosure in the fianancial statements.

Refer to note 2.6, note 3.2(i) and note 9 of the accompanying financial statements.

KEY AUDIT MATTER	AUDIT RESPONSE
3. Acquisition of Motivage Sdn Bhd	
On 21 June 2018, the Group acquired 14,757,000 ordinary shares in the share capital of Motivage Sdn Bhd ("Motivage"), representing 100% of equity interest in Motivage for a total aggregate consideration of RM21,047,000, of which RM5,000,000 was satisfied by way of cash and the remaining RM16,047,000 was satisfied by the allotment and issuance of 15,775,210 ordinary shares of the Company with a fair value of RM1.017 (S$0.345) per share as at the date of acquisition. Management has assessed and determined that the Group has obtained control over Motivage and it is appropriate to account for the acquisition in accordance with FRS 103 Business Combinations.	Our audit procedures included, amongst others: • Examined the share sale agreement to understand the key terms and conditions. • Evaluated management's assessment in accounting for the acquisition in accordance with FRS 103 Business Combinations. • Assessed the independence, and competency of the external valuation specialist which included considering their experiences and qualification in performing valuation of the leasehold land.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED

KEY AUDIT MATTER	AUDIT RESPONSE
3. Acquisition of Motivage Sdn Bhd (Continued)	
Management has performed a purchase price allocation ("PPA") with the assistance of an external valuation specialist in carrying out the valuation of the leasehold land acquired. Based on the PPA, the difference between the consideration paid and the fair value of the net identifiable assets resulted in a recognition of goodwill of RM992,000. We have determined the accounting for acquisition of Motivage to be a key audit matter as the acquisition is a significant transaction during the financial year.	• Engaged our internal valuation specialist to evaluate the appropriateness of the valuation methodologies applied in the valuation report and key assumptions applied in the PPA report. • Assessed the adequacy of the related disclosures in the financial statements.

Refer to note 2.2 and note 6.4 of the accompanying financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Poh Chin Beng.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

6 December 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current assets					
Property, plant and equipment	4	317,354	256,871	-	-
Investment properties	5	23,364	27,563	-	-
Investments in subsidiaries	6	-	-	293,429	90,351
Available-for-sale financial assets	7	154	242	-	-
Deferred tax assets	8	1,083	721	-	-
Intangible assets	9	34,853	32,842	-	-
Deposits for purchase of property, plant and equipment	4	4,566	-	-	-
		381,374	318,239	293,429	90,351
Current assets					
Inventories	10	40,523	44,644	-	-
Trade and other receivables	11	59,351	59,252	85,397	279,541
Tax recoverable		1,506	573	-	-
Held-for-trading investments	12	-	23,413	-	23,413
Fixed deposits	13	553	14,225	-	-
Cash and bank balances	13	35,554	35,664	5,600	5,175
		137,487	177,771	90,997	308,129
Less:					
Current liabilities					
Trade and other payables	14	67,641	47,748	2,420	1,518
Bank borrowings	15	46,799	42,807	19,182	8,746
Finance lease payables	16	9,387	7,316	-	-
Current income tax payable		234	178	158	162
Provision for restoration costs	17	1,401	109	-	-
		125,462	98,158	21,760	10,426
Net current assets		12,025	79,613	69,237	297,703
Less:					
Non-current liabilities					
Provision for restoration costs	17	1,884	1,353	-	-
Bank borrowings	15	79,562	72,411	-	-
Finance lease payables	16	21,902	16,538	-	-
Financial guarantee contracts	18	-	-	3,738	3,522
Deferred tax liabilities	19	5,181	2,270	-	-
Employee benefits liability		74	-	-	-
		108,603	92,572	3,738	3,522
Net assets		284,796	305,280	358,928	384,532

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Capital and reserves					
Share capital	20	127,453	111,406	127,453	111,406
Treasury shares	20	(183)	(183)	(183)	(183)
Foreign currency translation reserve	21	23,821	33,400	41,250	51,424
Fair value reserve	22	(95)	(7)	-	-
Share options reserve	20	-	9,507	-	9,507
Other reserve	23	(4,562)	(4,562)	-	-
Accumulated profits		148,393	165,294	190,408	212,378
Equity attributable to the owners of the Company		294,827	314,855	358,928	384,532
Non-controlling interests		(10,031)	(9,575)	-	-
Total equity		284,796	305,280	358,928	384,532

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 RM'000	2017 RM'000
Revenue	24	422,605	410,331
Cost of goods sold		(267,595)	(274,497)
Gross profit		155,010	135,834
Other operating income	26	18,213	16,686
Administrative expenses		(48,679)	(43,322)
Selling and marketing expenses		(114,665)	(92,090)
Warehouse and distribution expenses		(26,970)	(26,756)
Research and development expenses		(829)	(958)
Other operating expenses	26	(1,846)	(33,843)
Finance costs	25	(5,666)	(4,991)
Loss before income tax	26	(25,432)	(49,440)
Income tax expense	27	(2,434)	(4,101)
Loss for the financial year		(27,866)	(53,541)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(8,577)	1,051
Net fair value (loss)/gain on available-for-sale financial assets		(88)	30
Net fair value changes on available-for-sale financial assets reclassified to profit or loss	7	-	15,541
Other comprehensive income, net of tax RM Nil		(8,665)	16,622
Total comprehensive income for the financial year		(36,531)	(36,919)
Loss attributable to:			
Owners of the Company		(26,408)	(52,405)
Non-controlling interests		(1,458)	(1,136)
		(27,866)	(53,541)
Total comprehensive income attributable to:			
Owners of the Company		(36,075)	(35,659)
Non-controlling interests		(456)	(1,260)
		(36,531)	(36,919)
Loss per share attributable to owners of the Company (RM sen)	28		
Basic and diluted		(20.16)	(41.54)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

		Attributable to owners of the Company									
	Note	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Other reserve RM'000	Accumulated profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group											
2018											
At 1 October 2017		111,406	(183)	33,400	(7)	9,507	(4,562)	165,294	314,855	(9,575)	305,280
Total comprehensive income for the year:											
Loss for the financial year		-	-	-	-	-	-	(26,408)	(26,408)	(1,458)	(27,866)
Other comprehensive income:											
Exchange differences on translation of foreign operations		-	-	(9,579)	-	-	-	-	(9,579)	1,002	(8,577)
Available-for-sale financial assets	7	-	-	-	(88)	-	-	-	(88)	-	(88)
Total other comprehensive income		-	-	(9,579)	(88)	-	-	-	(9,667)	1,002	(8,665)
Total comprehensive income		-	-	(9,579)	(88)	-	-	(26,408)	(36,075)	(456)	(36,531)
Contribution by owners:											
Acquisition of a subsidiary	6.4, 20	16,047	-	-	-	-	-	-	16,047	-	16,047
Others:											
Share options lapsed		-	-	-	-	(9,507)	-	9,507	-	-	-
At 30 September 2018		127,453	(183)	23,821	(95)	-	(4,562)	148,393	294,827	(10,031)	284,796

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

		Attributable to owners of the Company									
	Note	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Other reserve RM'000	Accumulated profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group											
2017											
At 1 October 2016		111,406	(183)	31,791	(15,727)	9,507	(4,562)	218,282	350,514	(8,315)	342,199
Total comprehensive income for the year:											
Loss for the financial year		-	-	-	-	-	-	(52,405)	(52,405)	(1,136)	(53,541)
Other comprehensive income:											
Exchange differences on translation of foreign operations		-	-	1,609	(434)	-	-	-	1,175	(124)	1,051
Available-for-sale financial assets	7	-	-	-	15,571	-	-	-	15,571	-	15,571
Total other comprehensive income		-	-	1,609	15,137	-	-	-	16,746	(124)	16,622
Total comprehensive income		-	-	1,609	15,137	-	-	(52,405)	(35,659)	(1,260)	(36,919)
Others:											
Fair value reserve transferred to retained earnings		-	-	-	583	-	-	(583)	-	-	-
At 30 September 2017		111,406	(183)	33,400	(7)	9,507	(4,562)	165,294	314,855	(9,575)	305,280

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	Note	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
Company								
2018								
At 1 October 2017		111,406	(183)	51,424	-	9,507	212,378	384,532
Loss for the financial year		-	-	-	-	-	(31,477)	(31,477)
Other comprehensive income:								
Exchange differences on translation		-	-	(10,174)	-	-	-	(10,174)
Total comprehensive income for the financial year, net of tax		-	-	(10,174)	-	-	(31,477)	(41,651)
Contribution by owners:								
Acquisition of a subsidiary	6.4, 20	16,047	-	-	-	-	-	16,047
Others:								
Share options lapsed		-	-	-	-	(9,507)	9,507	-
At 30 September 2018		127,453	(183)	41,250	-	-	190,408	358,928
2017								
At 1 October 2016		111,406	(183)	44,458	(15,107)	9,507	79,944	230,025
Profit for the financial year		-	-	-	-	-	132,434	132,434
Other comprehensive income:								
Exchange differences on translation		-	-	6,966	(434)	-	-	6,532
Available-for-sale financial assets	7	-	-	-	15,541	-	-	15,541
Total other comprehensive income		-	-	6,966	15,107	-	-	22,073
Total comprehensive income for the financial year, net of tax		-	-	6,966	15,107	-	132,434	154,507
At 30 September 2017		111,406	(183)	51,424	-	9,507	212,378	384,532

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 RM'000	2017 RM'000
Operating activities			
Loss before income tax		(25,432)	(49,440)
Adjustments for:			
Allowance for doubtful receivables		1,071	679
Allowance for doubtful receivables no longer required, now written back		(548)	(256)
Allowance for write-down of inventories		316	1,136
Amortisation of intangible assets		487	547
Depreciation of property, plant and equipment		26,232	22,777
Depreciation of investment properties		511	482
Dividend income		(156)	(2,321)
Fair value loss/(gain) arising from held-for-trading investments		450	(3,417)
Foreign currency exchange gain, net		(4,864)	(1,591)
Loss/(Gain) on disposal of held-for-trading investments		1	(298)
Gain on disposal of investment properties		(2,812)	-
Gain on disposal of property, plant and equipment		(4,818)	(331)
Gain on disposal of subsidiaries		(1,837)	-
Finance costs	25	5,666	4,991
Interest income		(701)	(1,284)
Inventories written off		566	1,286
Impairment loss on available-for-sale financial asset		-	32,870
Property, plant and equipment written off		1,060	685
Reversal of allowance for write-down of inventories		(259)	(285)
Operating (loss)/profit before working capital changes		(5,067)	6,230
Working capital changes:			
Inventories		2,314	(2,730)
Trade and other receivables		(7,773)	2,735
Trade and other payables		17,612	(4,588)
Cash generated from operations		7,086	1,647
Interest paid		(1,125)	(1,259)
Income tax paid, net		(3,278)	(2,477)
Net cash generated from/(used in) operating activities		2,683	(2,089)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 RM'000	2017 RM'000
Investing activities			
Acquisition of a subsidiary, net of cash acquired	6.4	(4,891)	(139)
Disposal of subsidiaries, net of cash disposed	6.5	723	-
Dividends received		156	2,321
Interest received		701	1,284
Net changes in fixed deposits pledged to bank		(9)	247
Proceeds from disposal of held-for-trading investments		22,446	39,311
Proceeds from disposal of property, plant and equipment		9,156	622
Proceeds from disposal of investment properties		6,500	-
Purchase of intangible assets	9	(2,602)	(975)
Purchase of property, plant and equipment	4	(46,262)	(80,322)
Net cash used in investing activities		(14,082)	(37,651)
Financing activities			
Interest paid		(4,541)	(3,732)
Repayment of finance lease obligations		(8,865)	(6,565)
Repayment of bank borrowings		(75,261)	(85,508)
Drawdown of bank borrowings		67,997	125,992
Net cash (used in)/generated from financing activities		(20,670)	30,187
Net change in cash and cash equivalents		(32,069)	(9,553)
Cash and cash equivalents at beginning of the financial year		48,873	58,323
Effect of exchange rate changes		(432)	103
Cash and cash equivalents at end of the financial year	13	16,372	48,873

Note A: Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	2017	Cash flows	Additions of property, plant and equipment (Note 4)	Disposal of a subsidiaries (Note 6.5)	Foreign exchange difference	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank borrowings	114,773	(7,264)	-	(94)	(236)	107,179
Finance lease payables	23,854	(8,865)	17,101	(801)	-	31,289
	138,627	(16,129)	17,101	(895)	(236)	138,468

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL CORPORATE INFORMATION

Envictus International Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore with its registered office at SGX Centre II, #17-01, 4 Shenton Way, Singapore 068807. The Company's registration number is 200313131Z. The principal place of business is located at 190 Clemenceau Avenue #06-08 Singapore Shopping Centre, Singapore 239924. The Company is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The principal activity of the Company is that of an investment holding company and providing management services to its subsidiaries.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Singapore Dollar. However, as the Group's significant operations are in Malaysia, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Ringgit Malaysia ("RM") which is the functional currency and the presentation currency of the significant components in Malaysia.

All financial information presented in RM has been rounded to the nearest thousand ("RM'000") as indicated, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

In the current financial year, the Group has adopted all the new or revised FRS that are relevant to their operations and effective for the current financial year. The adoption of these new or revised FRS did not result in any substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior years, except as detailed below:

FRS 7 (Amendments) *Disclosure Initiative*

The amendments require additional disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group adopted these amendments on 1 October 2017 and the additional disclosures have been included in the consolidated statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS 7 (Amendments) *Disclosure Initiative* (Continued)

Singapore Financial Reporting Standards (International) ("SFRS(I)s") and Interpretations of SFRS(I) ("INT SFRS(I)") issued but not yet effective

Convergence with International Financial Reporting Standards ("IFRSs")

On 29 December 2017, Accounting Standards Council Singapore has issued SFRS(I)s, Singapore's equivalent of the IFRSs. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS(I)s for annual periods beginning on or after 1 January 2018.

In adopting the new framework, the Group will apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International).*

In addition to the adoption of the new framework, the following new SFRS(I)s, amendments to and INT SFRS(I) are effective from the same date.

- SFRS(I) 15 Revenue from Contracts with Customers and Amendments to SFRS(I) 15 Clarifications to SFRS(I) 15;
- SFRS(I) 9 Financial Instruments;
- Transfers of Investment Property (Amendments to SFRS(I) 1-40);
- Deletion of short-term exemptions for first-time adopters (Amendments to SFRS(I) 1);
- Applying SFRS(I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

Management anticipates that the adoption of the above new SFRS(I), amendments to and interpretations of SFRS(I) will not have a material impact on the financial statements of the Group in the period of their initial adoption, except for SFRS(I) 9 and SFRS(I) 15 as disclosed below.

<u>SFRS(I) 9 Financial Instruments</u>

SFRS(I) 9 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

Under SFRS(I) 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

SFRS(I) 9 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, SFRS(I) 9 retains the requirements in FRS 39 for derecognition of financial assets and financial liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I)s and INT SFRS(I) issued but not yet effective (Continued)

Convergence with IFRSs (Continued)

SFRS(I) 9 Financial Instruments (Continued)

Classification and measurement (Continued)

The Group has completed its preliminary assessment of the classification and measurement of its financial assets and liabilities, and expects that financial assets and liabilities currently measured at amortised cost will continue to qualify for measurement at amortised cost upon adoption of this standard. The investment in quoted equity securities at fair value currently classified as available-for-sale, the financial assets will be measured at fair value under SFRS(I) 9 and any subsequent fair value changes will be recognised in profit or loss.

Impairment

SFRS(I) 9 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment loss allowances as well as interest revenue. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income, the Group will recognise (at a minimum) 12 months of expected losses in profit or loss.

Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition under the three-stage model or from initial recognition if the simplified model is applied.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. For financial guarantees initially recognised at fair value, it will be subsequently measured at the higher of the amount initially recognised less any accumulated amortisation to profit or loss and the amount of loss allowance determined under the three-stage expected loss model.

The Group and the Company are currently finalising the policies and procedures in determining how to estimate expected credit losses and the sources of forward looking data, and evaluating the tax implication arising from the source charge in impairment model.

Transition

The Group plans to adopt SFRS(I) 9 in the financial year beginning on 1 October 2018 and will include additional disclosures in its financial statements for that financial year. The Group has yet to complete the assessment on the impact of the new rules on the Group's financial statements. The Group will perform a detailed assessment on the impact.

SFRS(I) 15 Revenue from Contracts with Customers and Amendments to SFRS(I) 15 Clarifications to SFRS(I) 15

SFRS(I) 15 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. SFRS(I) 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I)s and INT SFRS(I) issued but not yet effective (Continued)

SFRS(I) 15 Revenue from Contracts with Customers and Amendments to SFRS(I) 15 Clarifications to SFRS(I) 15 (Continued)

The Group is still in the process of making a detailed assessment on the revenue stream in respect of the trading and frozen food and food services segments where SFRS(I) 15 will have a possible impact in respect of variable considerations, contract modifications and customer loyalty programme.

The Group plans to adopt SFRS(I) 15 in the financial year beginning 1 October 2018 and will include the required additional disclosures in its financial statements for that financial year. The Group has yet to complete the assessment on the impact of the new rules on the Group's financial statements.

Applicable to financial statements for the financial year ending 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning on 1 January 2019, and have not been early adopted:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Annual improvements to SFRS(I) 2015-2017 cycle

Management anticipates that the adoption of the above new SFRS(I), amendments to and interpretations of SFRS(I) will not have a material impact on the financial statements of the Group in the period of their initial adoption, except as disclosed below.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes FRS 17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116. FRS 116 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of SFRS(I) 16, there may be a potentially significant impact on the accounting treatment for leases, which the Group as lessee currently accounts for as operating leases. On adoption of SFRS(I) 16, the Group will be required to capitalise its rented premise for its restaurants and coffee outlets and office equipment on the consolidated statement of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments. The Group plans to adopt the standard in the financial year beginning 1 October 2019 using the modified retrospective in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that year.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls on investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to consolidated statement of comprehensive income or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are stated at cost, less any accumulated impairment loss that has been recognised in the profit or loss.

2.3 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost.

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment is added to the carrying amount of the item if it is probable that the future economic benefits associated with the item, will flow to the Group, and the cost can be reliably measured. All other costs of servicing are recognised in the profit or loss as expenses when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment (Continued)

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line method so as to write off the depreciable amount of the property, plant and equipment over their estimated useful lives as follows:

	Years
Leasehold land	52 - 81
Factory/office buildings	50
Plant and machinery	1.5 - 14.2
Cold room and freezer	5 - 10
Laboratory equipment	5 - 10
Furniture and fittings	3 - 10
Renovation	3 - 10
Motor vehicles	3 - 7
Equipment	5 - 10
Computer system	3 - 5

Assets under construction represents property, plant and equipment under construction, which is stated at cost less any impairment loss and is not depreciated. Assets under construction are reclassified to appropriate categories of property, plant and equipment when completed and ready for use and depreciation will commence at that time.

No depreciation is provided for freehold land.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.4 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of 50 to 52 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Investment properties (Continued)

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements are capitalised as additions and carrying amounts of the replaced components are written off to the profit or loss. The cost of maintenance, repairs and minor improvement are charged to the profit or loss when incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment at the date of reclassification and becomes its cost for accounting purposes.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2.5 Intangible assets

(i) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.2), the amount of any non-controlling interests in the acquiree over the acquisition date fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of gain or loss on disposal.

(ii) Trademarks

Trademarks acquired by the Group have indefinite useful lives and are initially measured at cost less any accumulated impairment losses.

(iii) Computer software

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original costs of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised to the consolidated statement of comprehensive income using the straight-line method over their estimated useful lives of 5 years.

(iv) Franchise fees

Franchise fees are initially capitalised at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 10 to 20 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets (Continued)

The amortisation period and amortisation method of intangible assets other than goodwill and trademarks are reviewed at least at the end of each financial year. The effects of any revision are recognised in the profit or loss when the changes arise.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value as at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

2.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at the end of each financial year to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset (intangible assets with indefinite useful life and intangible assets not yet available for use) is required, the recoverable amounts are estimated.

An impairment loss is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent of other assets and groups of assets. Impairment loss is recognised in the profit or loss.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value-in-use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each financial year as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment in value was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Reversals of impairment loss are recognised in the consolidated statement of comprehensive income. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of non-financial assets (Continued)

Goodwill

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating unit expected to benefit from the synergies of the business combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit including the goodwill, the impairment loss is recognised in the consolidated statement of comprehensive income and allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Cost of finished goods and work-in-progress includes cost of raw materials, direct labour, other direct costs and manufacturing overheads (based on normal operating capacity) but excludes borrowing cost.

Cost of inventories are calculated based on the following:

i) **First-in-First-out Method**

Trading and Frozen, Food Processing (bakery, butchery, beverages) Division

ii) **Weighted Average Method**

Food Services, Nutrition Division and Food Processing (contract packaging) Division

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution, at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made for obsolete, slow-moving and defective inventories.

2.8 Cash and bank balances

Cash and bank balances in the statements of financial position comprise cash on hand, demand deposit and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances, fixed deposit and bank overdrafts and excludes any deposits pledged. Bank overdrafts are mainly for working capital requirements of the Group which are presented in the statements of financial position and in borrowings under current liabilities.

2.9 Financial assets

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

The Group and the Company classifies their financial assets as loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss. The classification depends on the nature and purpose for which the assets were acquired. Management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the financial year where allowed and appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise “trade and other receivables excluding prepayments, GST receivables and advances to suppliers”, and include “fixed deposit” and “cash and bank balances” in the statements of financial position.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

(ii) Financial assets at fair value through profit or loss (“FVTPL”)

Financial assets are classified as FVTPL if the financial asset is either held-for-trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading investment if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group and the Company; or if it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee contract.

A financial asset which is not classified as held-for-trading may be designated as FVTPL upon initial recognition if the financial asset is managed as part of a group of financial instruments, with its performance being evaluated on a fair value basis, in accordance with the Group’s and the Company’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

FVTPL are stated at fair value, with any resultant gain or loss recognised in the profit or loss. The net gain or loss recognised in profit or loss incorporates unrealised foreign exchange gain or loss.

(iii) Available-for-sale financial assets (“AFS”)

Certain shares held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and accumulated in the fair value reserve.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received is recognised in the consolidated statement of comprehensive income. Where the sale relates to an available-for-sale financial asset, the cumulative gain or loss previously recognised in the fair value reserve is included in the consolidated statement of comprehensive income for the period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at “fair value through profit or loss”.

Impairment

The Group assess at the end of each financial year whether there is objective evidence that a financial asset or a group of financial assets other than financial assets at FVTPL, is impaired and recognise as allowance for impairment when such evidence exists.

(i) Loans and receivables

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated statement of comprehensive income, is transferred from other comprehensive income to the profit or loss. Increase in their fair value after impairment are recognised directly in other comprehensive income.

2.10 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities measured at amortised cost include trade and other payables (excluding GST payables and provision for employee benefits), bank borrowings, financial guarantee contracts and finance leases.

The accounting policies adopted for specific financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial liabilities (Continued)

(i) Trade and other payables (Continued)

Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(ii) Bank borrowings

Borrowings are initially recognised at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is taken to the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the financial year are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the financial year and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the financial year are presented as non-current borrowings in the statements of financial position.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit or loss.

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are derecognised when and only when the contractual obligation has been discharged, or cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the consolidated statement of comprehensive income.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Equity instruments and treasury shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are classified as equity instruments and are recorded at the proceeds received, net of direct issue costs.

When share capital recognised as equity is reacquired (“treasury shares”), the amount of consideration paid including any directly attributable incremental cost is presented as a deduction within equity, until they are subsequently cancelled, sold or reissued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Equity instruments and treasury shares (Continued)

When the treasury shares are subsequently cancelled, the cost of the treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When the treasury shares are subsequently sold or reissued pursuant to the employee share options scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised as a change in equity of the Company.

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of business of the Group. Revenue is presented, net of estimated customer returns, rebates, other similar allowances and sales related taxes. The Group's revenue is in respect of external transactions only.

Sale of food and beverages from food services

Revenue from the operations of the food business is recognised net of discounts upon delivery of food and beverages to the customers.

Revenue from sale of food, beverages, dairies and nutrition products

Revenue from the processing and distribution of food, beverages, dairies and nutrition products is recognised net of discounts and sales returns when the significant risks and rewards of ownership of the products have been transferred to the buyer upon passage of title to the customers, which generally coincides with their delivery and acceptance, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is recognised when earned, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Revenue recognition (Continued)

Rental income

Rental income under operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.15 Research and development expenses

Research and development expenses are recognised as expenses when incurred.

2.16 Employment benefits

Defined contribution plan

Contributions to defined contribution plans are recognised as an expense in the consolidated statement of comprehensive income in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

2.17 Leases

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as property, plant and equipment of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Operating leases

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Borrowing costs

Borrowing costs are recognised in the profit or loss in the period in which they are incurred using the effective interest method except for those costs that are directly attributable to the acquisition, construction or production of the qualifying assets.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

2.19 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Current income taxes are recognised as an expense or income in the profit of loss, except when they relate to items credited or debited directly to equity, in which case the tax is recognised directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Income tax (Continued)

Deferred tax (Continued)

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority and the Group intends to settle the current tax assets and liabilities on a net basis.

Deferred tax is recognised as an expense or income in the consolidated statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

(i) when the sales tax that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.20 Foreign currency transactions and translations

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items and on retranslation of monetary items are included in the consolidated statement of comprehensive income for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of comprehensive income for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company and the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates of the dates at the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Foreign currency transactions and translations (Continued)

On disposal of a foreign operations, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on acquisition of foreign operations are treated as assets and liabilities of the foreign operations, and translated at the closing exchange rate.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders. Dividends proposed or declared after the end of the financial year are not recognised as a liability at the end of the financial year.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer who makes strategic decisions.

2.23 Contingencies

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(ii) a present obligation that arises from past events but is not recognised because:

   a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   b. the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(i) Impairment of goodwill, trademarks and franchise fees

The management determines whether goodwill and trademarks are impaired at least on an annual basis and as and when there is an indication that goodwill and trademarks may be impaired. Franchise fees are assessed for indicators of impairment at the end of each reporting period. This requires an estimation of the value-in-use of the cashgenerating units to which the goodwill, trademarks and franchise fees are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill, trademarks and franchise fees as at 30 September 2018 were approximately RM17,456,000, RM11,924,000 and RM5,087,000 (2017: RM16,464,000, RM12,740,000 and RM2,998,000), respectively.

More details on the impairment testing of goodwill, trademarks and franchise fees are disclosed in Note 9 to the financial statements.

(ii) Impairment of property, plant and equipment

The Group carries out impairment assessment for certain property, plant and equipment where there is indication of an impairment. In carrying out the impairment assessment, management has identified the cash-generating units ("CGUs") to which the property, plant and equipment belong and determined the recoverable amounts of the CGUs by estimating the expected discounted future cash flows over the remaining useful lives of the property, plant and equipment. Estimating the recoverable amounts requires the Group to determine a suitable sales growth rate, gross margin, discount rate and to make an estimate of the expected future cash flows from the cashgenerating unit in order to calculate the present value of those cash flows.

The carrying amount of property, plant and equipment as at 30 September 2018 was RM317,354,000 (2017: RM256,871,000).

(iii) Income taxes

The management has exercised significant estimates when determining the Group's and the Company's provisions for income taxes. These involve assessing the probabilities that deferred tax assets resulting from deductible temporary differences, unutilised tax losses and unabsorbed tax allowances, if any, can be utilised to offset future taxable income. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of action.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

Given the wide range of international business arrangements, the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate adjustments to tax income and expense in future periods. The Group and the Company establish reasonable provision for possible consequences of audits by the tax authorities of the respective countries.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Income taxes (Continued)

The amount of such provisions and/or its subsequent reversals is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group and Company domicile. The carrying amounts of current income tax payable, deferred tax assets, tax recoverable and deferred tax liabilities of the Group and of the Company as at 30 September 2018 were approximately RM234,000, RM1,083,000, RM1,506,000 and RM5,181,000 (2017: RM178,000, RM721,000, RM573,000 and RM2,270,000), respectively.

(iv) Allowance for doubtful receivables

The management establishes allowance for doubtful receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required.

The carrying amounts of the Group's and the Company's trade and other receivables excluding GST receivables, prepayments and advances to suppliers as at 30 September 2018 were approximately RM52,269,000 and RM85,324,000 (2017: RM47,860,000 and RM279,496,000), respectively.

(v) Inventories and related allowance

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" and weighted average method. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 30 September 2018 was approximately RM40,523,000 (2017: RM44,644,000).

(vi) Impairment of investments in subsidiaries

The Company follow the guidance of FRS 36 in determining whether investments in subsidiaries are impaired. This determination requires the assumption made regarding the duration and extent to which the recoverable amount of an investment in a subsidiary is less than its costs and the financial health of and near-term business outlook for the investment in subsidiary, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Management's assessment for impairment of investments in subsidiaries is based on the estimation of value-in-use of the cash-generating unit ("CGU") by forecasting the expected future cash flows using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 30 September 2018 was approximately RM293,429,000 (2017: RM90,351,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Factory/ office buildings RM'000	Plant and machinery RM'000	Cold room and freezer RM'000	Lab equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Motor vehicles RM'000	Equipment* RM'000	Computer system RM'000	Assets under construction RM'000	Total RM'000
2018													
Cost													
At 1 October 2017	8,533	72,133	19,462	86,031	7,715	557	15,969	41,726	12,620	38,544	3,572	59,614	366,476
Additions	-	-	219	6,665	789	37	4,024	17,028	2,662	11,164	1,052	29,663	73,303
Acquisition of a subsidiary	-	22,000	-	-	-	-	-	-	-	-	-	-	22,000
Disposal of subsidiaries	-	-	-	(1,414)	-	-	(1,742)	(33)	(3,065)	(837)	-	-	(7,091)
Reclassification	-	-	16,713	1,213	5,889	-	5,677	-	-	632	-	(30,124)	-
Disposals	(1,400)	-	(1,402)	(4,926)	(56)	(228)	(89)	(830)	(1,032)	(365)	(3)	-	(10,331)
Written off	-	-	-	(1,387)	(65)	(11)	(98)	(1,591)	-	(935)	(955)	-	(5,042)
Currency realignment	-	-	-	(3,028)	-	(19)	(54)	-	(7)	-	(156)	-	(3,264)
At 30 September 2018	7,133	94,133	34,992	83,154	14,272	336	23,687	56,300	11,178	48,203	3,510	59,153	436,051
Accumulated depreciation													
At 1 October 2017	-	1,807	2,366	38,411	3,373	390	5,474	16,120	7,778	13,487	2,178	-	91,384
Depreciation for the financial year	-	1,045	395	6,896	1,163	53	1,736	8,552	1,829	4,144	419	-	26,232
Disposal of subsidiaries	-	-	-	(735)	-	-	(1,547)	(15)	(2,766)	(380)	-	-	(5,443)
Reclassification	-	-	-	(5)	-	-	(7)	-	-	12	-	-	-
Disposals	-	-	(296)	(3,816)	(6)	(180)	(77)	(496)	(860)	(260)	(2)	-	(5,993)
Written off	-	-	-	(1,326)	(47)	(15)	(79)	(1,399)	-	(819)	(297)	-	(3,982)
Currency realignment	-	-	-	(1,568)	-	(12)	(49)	-	(8)	-	(85)	-	(1,722)
At 30 September 2018	-	2,852	2,465	37,857	4,483	236	5,451	22,762	5,973	16,184	2,213	-	100,476
Accumulated impairment													
At 1 October 2017/ 30 September 2018	-	-	-	18,221	-	-	-	-	-	-	-	-	18,221
Net carrying amount													
At 30 September 2018	7,133	91,281	32,527	27,076	9,789	100	18,236	33,538	5,205	32,019	1,297	59,153	317,354

* Equipment comprises of sales equipment, store equipment and office equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Factory/ office buildings RM'000	Plant and machinery RM'000	Cold room and freezer RM'000	Lab equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Motor vehicles RM'000	Equipment* RM'000	Computer system RM'000	Assets under construction RM'000	Total RM'000
2017													
Cost													
At 1 October 2016	10,053	72,576	21,677	85,123	6,791	540	10,602	25,824	12,114	30,128	1,865	5,680	282,973
Additions	-	-	-	1,189	925	14	4,985	13,365	2,462	8,294	648	56,223	88,105
Acquisition of subsidiaries	-	-	-	-	-	-	920	4,594	374	3,283	726	-	9,897
Reclassification	-	-	462	(311)	-	-	213	2,193	-	(871)	595	(2,281)	-
Transfer to investment properties (Note 5)	(1,520)	(443)	(2,677)	-	-	-	-	-	-	-	-	-	(4,640)
Disposals	-	-	-	(169)	-	-	-	(52)	(2,232)	(61)	-	(8)	(2,522)
Written off	-	-	-	(307)	(1)	-	(760)	(4,198)	(99)	(2,229)	(290)	-	(7,884)
Currency realignment	-	-	-	506	-	3	9	-	1	-	28	-	547
At 30 September 2017	8,533	72,133	19,462	86,031	7,715	557	15,969	41,726	12,620	38,544	3,572	59,614	366,476
Accumulated depreciation													
At 1 October 2016	-	840	2,227	30,645	2,363	276	4,051	9,234	7,883	10,299	1,004	-	68,822
Depreciation for the financial year	-	975	428	7,655	1,011	114	1,338	6,019	1,828	3,191	218	-	22,777
Acquisition of subsidiaries	-	-	-	-	-	-	774	4,517	374	2,991	651	-	9,307
Reclassification	-	-	-	236	-	-	-	35	-	(832)	561	-	-
Transfer to investment properties (Note 5)	-	(8)	(289)	-	-	-	-	-	-	-	-	-	(297)
Disposals	-	-	-	-	-	-	-	-	(2,209)	(22)	-	-	(2,231)
Written off	-	-	-	(305)	(1)	-	(697)	(3,685)	(99)	(2,140)	(272)	-	(7,199)
Currency realignment	-	-	-	180	-	-	8	-	1	-	16	-	205
At 30 September 2017	-	1,807	2,366	38,411	3,373	390	5,474	16,120	7,778	13,487	2,178	-	91,384
Accumulated impairment													
At 1 October 2016/ 30 September 2017	-	-	-	18,221	-	-	-	-	-	-	-	-	18,221
Net carrying amount													
At 30 September 2017	8,533	70,326	17,096	29,399	4,342	167	10,495	25,606	4,842	25,057	1,394	59,614	256,871

* Equipment comprises of sales equipment, store equipment and office equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the financial year, the Group acquired property, plant and equipment as follows:

	2018 RM'000	2017 RM'000
Additions of property, plant and equipment	73,303	88,105
Acquired under finance lease	(17,101)	(9,698)
	56,202	78,407
(Less)/Add: Changes in other payables	(12,646)	2,220
Add: Deposits paid	4,566	-
Less: Provision for restoration costs	(1,860)	(305)
Cash payments made to acquire property, plant and equipment	46,262	80,322

Included in property, plant and equipment are the following assets acquired under finance lease arrangements (Note 16):

	Group	
	2018 RM'000	2017 RM'000
Net carrying amount		
Plant and machinery	1,849	951
Cold room and freezer	1,539	1,174
Furniture and fittings	7,346	4,704
Motor vehicles	4,045	3,734
Office equipment and computer system	97	520
Store equipment	17,431	12,777
Renovation	5,213	3,805
	37,520	27,665

Borrowing costs of RM1,695,000 (2017: RM602,000) which arose on the financing specifically entered into for the construction of the warehouse buildings were capitalised by the Group during the financial year.

Assets under construction represents expenditure for factory building in the course of construction.

The carrying amount of leasehold land, buildings, assets under construction and non-movable assets of RM107,164,000 (2017: RM92,067,000) are pledged to licensed bank as security for banking facilities granted to the Group (Note 15).

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The following express conditions and restrictions on the Group's leasehold land (Pulau Indah) and assets under construction with net carrying amount of RM165,702,000 (2017: RM117,761,000):

(i) the land is designated as Selangor Halal Hub and shall be used only for industrial purposes;

(ii) the industrial activities to be carried out shall be in compliance with the Halal Park guidelines and requirements, and in accordance with Islamic principles;

(iii) shall only consist of industries whose activities are consistent and within the overall concept of the Selangor Halal Hub and must have been approved by the appropriate authorities; and

(iv) any assignment, pledge and lease of land requires the consent of the appropriate authorities.

As at 30 September 2018, information relating to the Group's freehold/leasehold properties are as follows:

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
Trading and Frozen Food Division				
Lot 55, Hicom Glenmarie Industrial Park, Selangor, Malaysia	Warehouse	Office, warehouse, cold room and processing factory	68,674	43,200
Lot 1-3-1, Sri Kerjaya Apartment, Shah Alam, Selangor, Malaysia	Apartment	Staff quarters	-	883
Lot 1-3-3, Sri Kerjaya Apartment, Shah Alam, Selangor, Malaysia	Apartment	Staff quarters	-	893
49, Lorong Wong Ah Jang, Kuantan, Pahang, Malaysia	Shop office	Cold room and office	1,560	2,976
No.139, Jalan Makloom, Pulau Pinang, Malaysia	Industrial land	Office, warehouse and cold room	10,613	16,860
3, Jalan Bertam 6, Taman Daya, 81100 Johor Bahru, Johor, Malaysia*	Industrial warehouse	Cold room and office	2,400	3,300
1, Jalan Bertam 6, Taman Daya, 81100 Johor Bahru, Johor, Malaysia*	Industrial warehouse	Cold room	4,690	3,200
7, Jalan Bertam 6, Taman Daya, 81100 Johor Bahru, Johor, Malaysia *	Industrial warehouse	Cold room	2,400	2,400
Lot no. 84, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia	Warehouse	Office, warehouse	-	38,594

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
Food Processing Division				
Lots nos. 76, 77, 78, 79, 80, 83, 84 and 85, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia	Industrial land	Lots nos. 76, 77, 79, 80 and 85: Vacant Lots nos. 78 and 83: Construction of factory buildings	1,550,736	-
Dairies Division				
Lots nos. 81 and 82, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia	Industrial land	Lots nos. 81 and 82	361,112	-

* Refer to Note 33(ii) to the financial statements

5. INVESTMENT PROPERTIES

	Group 2018 RM'000	Group 2017 RM'000
Cost		
At 1 October	28,773	24,133
Disposal	(4,002)	-
Reclassification from property, plant and equipment (Note 4)	-	4,640
At 30 September	24,771	28,773
Accumulated depreciation		
At 1 October	1,210	431
Depreciation for the financial year	511	482
Disposal	(314)	-
Reclassification from property, plant and equipment (Note 4)	-	297
At 30 September	1,407	1,210
Net carrying amount		
At 30 September	23,364	27,563

5. INVESTMENT PROPERTIES (CONTINUED)

	Group	
	2018 RM'000	2017 RM'000
Represented by:		
Freehold land	-	1,520
Leasehold land	16,226	16,556
Leasehold building	7,138	7,290
Factory building	-	2,197
	23,364	27,563

The following amounts are recognised in profit or loss:

	Group	
	2018 RM'000	2017 RM'000
Rental income from investment properties (Note 26)	1,826	1,594
Direct operating expenses arising from:		
- Rental-generating investment properties	516	493
- Non-rental-generating investment properties	1,012	703
	1,528	1,196

During the financial year, the Group disposed a freehold land and factory building with a carrying value of RM3,688,000 for a consideration of RM6,500,000 resulting in a gain of RM2,812,000 net of tax and incidental expenses.

In the previous financial year, the Group had reclassified the land and building from its property, plant and equipment to investment properties with a carrying amount of RM4,343,000 pursuant to the change in the usage of the freehold land and building.

As at 30 September 2018, the fair value of the Group's investment properties amounted to RM41,500,000 (2017: RM53,927,000). The leasehold land and building with fair value is partially owner-occupied where the net carrying amount of RM17,186,000 (2017: RM17,540,000) is included in property, plant and equipment (Note 4).

Management had assessed the valuation of the Group's office building with the assistance of an independent professional valuation firm on 11 December 2017 that has the relevant experience in the location and category of the property. The valuation was based on the assets highest and best used arrived using the direct sales comparison approach by analysing sales and listing of similar properties in the locality and adjusted for differences in key attributes such as property size, location and other relevant factors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

5. INVESTMENT PROPERTIES (CONTINUED)

In the previous financial year, the fair values of the office building and factory building were estimated based on management's estimation by using the direct sales comparison approach by making reference to market evidence of prices per square feet for comparable properties, adjusted for key attributes such as size, tenure, location, condition and prevailing market conditions.

The resulting fair values of investment properties are considered level 3 fair value measurements.

The carrying amount of leasehold land and building of RM23,364,000 (2017: RM23,846,000) was pledged to a licensed bank as security for a banking facility granted to the Group (Note 15).

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancement.

Details of the Group's investment property are as detailed below:

Location	Description	Tenure	Unexpired lease term
No.11 Jalan 225, Petaling Jaya, 46100 Selangor Darul Ehsan, Malaysia	Office building	Leasehold	50 years

6. INVESTMENTS IN SUBSIDIARIES

6.1 Investments in subsidiaries comprise:

	Company 2018 RM'000	Company 2017 RM'000
Unquoted equity shares in corporations, at cost	11,180	11,489
Issuance of financial guarantee contracts granted	5,086	4,732
Share options granted to employees	624	641
Deemed as capital contribution in subsidiaries*	284,359	73,489
Allowance for impairment loss	(7,820)	-
	293,429	90,351

* Amounts due from subsidiaries of RM284,359,000 (2017: RM73,489,000) which are non-trade were reclassified as deemed investments in subsidiaries as the planned settlements are either through capitalisation of debt through subscription of ordinary shares of the subsidiaries or the settlements are neither planned nor likely to occur in the foreseeable future.

During the financial year, the Group carried out a review of the recoverable amount of the investment in a subsidiary in the Food Processing Division due to slowdown in the economy and the losses reported by this subsidiary. The review led to the recognition of full impairment loss of RM7,820,000 with respect to investment in this subsidiary that has been recognised in the Company's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries

Name of company (Country of incorporation/ principal place of business)	Principal activities	Effective equity held by the Group 2018 %	2017 %
Held by the Company			
Polygold Holdings Sdn Bhd[(2)] (Malaysia)	Investment holding	100	100
Envictus Brands Pte Ltd[(1)] (Singapore)	Collecting royalties for the brands that it owns	100	100
Envictus Capital (Labuan) Inc.[(2)] (Malaysia)	Intra-group lending and investment holding	100	100
Envictus Foods International Inc.[(2)] (Malaysia)	Investment holding	100	100
Envictus Foods (M) Sdn Bhd[(2)] (Malaysia)	Investment holding	100	100
Envictus IT Services Sdn Bhd[(2)] (Malaysia)	IT services	100	100
Envictus NZ Limited[(3)] (New Zealand)	Investment holding	100	100
Eureka Capital Sdn Bhd[(2)] (Malaysia)	Providing management services and property investment	100	100
Envictus Food Services Sdn Bhd[(2)] (Malaysia)	Investment holding	100	100
Envictus QSR Pte Ltd[(1)] (Singapore)	Investment holding	100	100
Held by the subsidiaries			
- Envictus Capital (Labuan) Inc.			
PT Sentrafood Indonusa[(4)(5)(9)] (Indonesia)	In liquidation	100	100
- Envictus Foods (M) Sdn Bhd			
Pok Brothers Sdn Bhd[(2)] (Malaysia)	Wholesalers of foodstuff, provisions and frozen meat	100	100
De-luxe Food Services Sdn Bhd[(2)] (Malaysia)	Manufacturer and distributor of bakery products	100	100
Gourmessa Sdn Bhd[(2)] (Malaysia)	Manufacturing of convenient value added frozen food	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/ principal place of business)	Principal activities	Effective equity held by the Group 2018 %	2017 %
Held by the subsidiaries (Continued)			
- Polygold Holdings Sdn Bhd			
Polygold Beverages Sdn Bhd[2] (Malaysia)	Manufacturing and distribution of beverage products	100	100
Polygold Marketing Sdn Bhd[2] (Malaysia)	Marketing and distribution of food and beverage products	100	100
Envictus Dairies Marketing Sdn Bhd[2] (Malaysia)	Manufacturing and distributing of beverages and food products	100	100
Motivage Sdn Bhd[2] (Malaysia)	Food processing and trading in related consumable products and property holding and investment	100	-
- Envictus NZ Limited			
Envictus Dairies NZ Limited[3] (New Zealand)	Manufacturing of dairies and water based products	72.3	72.3
Naturalac Nutrition Limited[3] (New Zealand)	Marketing of branded sport nutrition and weight management foods	100	100
- Envictus QSR Pte Ltd			
PT Quick Service Restaurant[4][6] (Indonesia)	Operation of fast food restaurant business	100	100
- Pok Brothers Sdn Bhd			
Pok Brothers (Johor) Sdn Bhd[2] (Malaysia)	Wholesalers of foodstuff, provisions and frozen meat	100	100
Pok Brothers (Selangor) Sdn Bhd[7] (Malaysia)	Dormant	-	100
Daily Fresh Bakery Sdn Bhd[8] (Malaysia)	Trading of cakes, breads, biscuits and confectioneries	-	100
Family Bakery Sdn Bhd[8] (Malaysia)	Manufacturing and trading of cakes, breads, biscuits and confectioneries	-	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/ principal place of business)	Principal activities	Effective equity held by the Group 2018 %	Effective equity held by the Group 2017 %
Held by the subsidiaries (Continued)			
- Envictus Food Services Sdn Bhd			
Texas Chicken (Malaysia) Sdn Bhd(2) (Malaysia)	Quick service restaurant	100	100
Hot Bun Food Industries Sdn Bhd(2) (Malaysia)	Dormant	100	100
Lyndarahim Ventures Sdn Bhd(2) (Malaysia)	Investment holding	100	100
The Delicious Group Sdn Bhd(2) (Malaysia)	Café and restaurant operator	100	100
Envictus Central Food Services Sdn Bhd (formerly known as Glenland Sdn Bhd)(2)(10)(11) (Malaysia)	Operation of central kitchen for production of food to be supplied to restaurants and cafes	100	100
Envictus Gifts Sdn Bhd (formerly known as Dominade Marketing Sdn Bhd)(2)(10)(12) (Malaysia)	Selling of restaurant and café vouchers	100	100
- Lyndarahim Ventures Sdn Bhd			
San Francisco Coffee Sdn Bhd(2) (Malaysia)	Operating a chain of specialty coffee outlets	100	100
- The Delicious Group Sdn Bhd			
Delicious Catering Sdn Bhd(2) (Malaysia)	Food catering services	100	100
Food Emporium Sdn Bhd(2) (Malaysia)	Café and restaurant operator	100	100
Reunion Restaurants Sdn Bhd(2) (Malaysia)	Dormant	100	100
The Delicious (Singapore) Pte Ltd(1) (Singapore)	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries (Continued)

(1) Audited by BDO LLP, Singapore, a member firm of BDO International Limited.
(2) Audited by BDO, Malaysia, a member firm of BDO International Limited.
(3) Audited by BDO Auckland, New Zealand, a member firm of BDO International Limited.
(4) Audited by Reanda Bernardi, Indonesia (2017: Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan, a member of Crowe Horwath International).
(5) Envictus Capital (Labuan) Inc. and Envictus Foods International Inc. hold 68% and 32%, respectively.
(6) Envictus QSR Pte Ltd and Envictus Capital (Labuan) Inc. hold 99% and 1%, respectively.
(7) This subsidiary was strike-off by the Register of Companies pursuant to section 551(1) of the Companies Act in Malaysia on 19 January 2018.
(8) These subsidiaries were disposed off on 18 December 2017.
(9) PT Sentrafood Indonusa is in the process of liquidation.
(10) The subsidiaries changed their names during the financial year.
(11) The subsidiary was directly held by the Company in the previous financial year.
(12) The subsidiary was directly held by Envictus Foods (M) Sdn Bhd in the previous financial year.

6.3 Non-controlling interest

Summarised financial information in relation to Envictus Dairies NZ Limited that has non-controlling interests (“NCI”) of 27.7% (2017: 27.7%) that is material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:

Summarised Statement of Comprehensive Income for the financial year:

	2018 RM’000	2017 RM’000
Revenue	23,276	24,479
Loss before tax	(5,263)	(4,131)
Income tax credit	-	32
Loss after tax allocated	(5,263)	(4,099)
Loss after tax allocated to NCI	(1,458)	(1,136)
Other comprehensive income allocated to NCI	1,002	(124)
Loss allocated to NCI, representing total comprehensive income allocated to NCI	(456)	(1,260)

Summarised Statement of Cash Flows for the financial year:

	2018 RM’000	2017 RM’000
Cash flows from operating activities	157	407
Cash flows used in investing activities	(923)	(245)
Cash flows (used in)/generated from financing activities	(351)	1,093
Net cash (outflow)/inflows	(1,117)	1,255

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.3 Non-controlling interest (Continued)

Summarised Statement of Financial Position as at 30 September:

	2018 RM'000	2017 RM'000
Assets:		
Current assets	3,858	4,980
Non-current assets	12,603	15,056
Total assets	16,461	20,036
Liabilities:		
Current liabilities	52,673	54,602
Net liabilities	(36,212)	(34,566)
Attributable to:		
Owners of the Company	(26,181)	(24,991)
Accumulated non-controlling interests	(10,031)	(9,575)

6.4 Acquisition of a subsidiary in financial year 2018

On 21 June 2018, the Group acquired 14,757,000 ordinary shares in the share capital of Motivage Sdn Bhd. ("Motivage"), representing 100% of equity interest in Motivage for a total aggregate consideration of RM21,047,000, of which RM5,000,000 was satisfied by way of cash and the remaining RM16,047,000 was satisfied by the allotment and issuance of an aggregate of 15,775,210 ordinary shares of the Company with a fair value of RM16,047,000 at RM1.017 (S$0.345) per share, the market value as at the date of acquisitions. The acquisition is in line with the Group's long term growth strategy to expand its business through mergers and acquisitions. The acquisition will provide the Groups with an additional income stream from the sales of dairy products, a business that the Group had previously ventured into and made a significant gain on disposal.

From the date of acquisition, Motivage has contributed RM Nil and RM93,000 to the revenue and loss net of tax to the Group, respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and loss, net of tax would have been RM422,605,000 and RM27,957,000 respectively.

Goodwill of RM992,000 arising from the acquisition is attributable to a group of senior management executives that has established track records and many years of experience in running and managing large regional food and beverage companies, including overseeing the setting up, financing, manufacturing and distribution operations of dairy businesses in Malaysia and exporting dairy products.

None of the goodwill is expected to be deductible for tax purposes.

Transaction costs related to the acquisition of RM234,000 have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the year ended 30 September 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.4 Acquisition of a subsidiary in financial year 2018 (Continued)

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

	Fair value recognised on date of acquisition RM'000
Property, plant and equipment (Note 4)	22,000
Trade and other receivables	25
Cash and bank balances	109
	22,134
Trade and other payables	(2)
Tax payable	(2)
Deferred tax liabilities	(2,075)
	(2,079)
Total identifiable net assets at fair value	20,055
Goodwill arising from acquisition	992
Purchase consideration	21,047

The effects of the acquisition of the subsidiary on cash flows are as follows:

	RM'000
Total consideration	21,047
Less: Non-cash consideration (Note 20)	(16,047)
Less: Cash and bank balances acquired	(109)
Net cash outflow from acquisition	4,891

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.5 Disposal of subsidiaries in financial year 2018

On 18 December 2017, the Group disposed of its entire interests in Family Bakery Sdn Bhd and Daily Fresh Bakery Sdn Bhd for cash consideration of RM1,500,000.

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

	Carrying Amount RM'000
Property, plant and equipment (Note 4)	1,648
Intangible assets (Note 9)	283
Inventories	546
Trade and other receivables	2,392
Tax recoverable	309
Cash and bank balances	777
	5,955
Trade and other payables	(5,315)
Bank borrowing	(94)
Finance lease payables	(801)
Deferred tax liabilities	(82)
	(6,292)
Net identifiable liabilities	(337)

The effects of disposal of subsidiaries on cash flows are as follows:

	RM'000
Net identifiable liabilities disposed (as above)	(337)
Gain on disposal (Note 26)	1,837
Cash proceeds from disposal	1,500
Cash and bank balances disposed	(777)
Net cash inflow on disposal	723

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Quoted equity securities, at fair value				
At 1 October	242	17,041	-	16,829
Fair value (loss)/gain recognised directly in other comprehensive income	(88)	30	-	-
Cumulative fair value reserve reclassified to profit or loss	-	15,541	-	15,541
Impairment loss for the financial year (Note 26)	-	(32,870)	-	(32,870)
	-	(17,329)	-	(17,329)
Currency realignment	-	500	-	500
Total	154	242	-	-

The currency profiles of the available-for-sale financial assets as at 30 September are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	154	242	-	-

In the previous financial year, the Group recognised full impairment loss of RM32,870,000 in respect of its investment in Yamada Green Resources Limited ("Yamada") based on the following:

(i) A significant or prolonged decline in the fair value of the investment compared to its original cost;

(ii) The sequence of events and adverse news announced by Yamada followed by the trading suspension of its quoted securities on the Singapore Exchange Securities Trading Limited (SGX-ST) since 16 September 2017 up to the date of the financial statements for the financial year ended 30 September 2017; and

(iii) The Company had previously obtained a revolving credit facility from a bank to finance the acquisition of the quoted securities of Yamada which were then pledged to the bank as security.

On 16 October 2017, the bank requested full repayment of the total outstanding balance of the revolving credit facility of approximately S$2,800,000 (equivalent to RM8,722,000), including interest. The Company had on 17 October 2017 made full repayment of the total outstanding amount and Yamaha's securities were then free of encumbrance from any charges from the bank.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

8. DEFERRED TAX ASSETS

	Group	
	2018 RM'000	**2017 RM'000**
At 1 October	721	1,067
Currency realignment	(44)	19
Recognised in profit or loss	406	(365)
At 30 September	1,083	721

The following are the deferred tax assets recognised by the Group and movements thereon during the financial year:

Group	**Property, plant and equipment RM'000**	**Unutilised tax losses RM'000**	**Other deductible temporary differences RM'000**	**Total RM'000**
At 1 October 2016	369	490	208	1,067
Currency realignment	-	15	4	19
Recognised in profit or loss	(4)	(417)	56	(365)
At 1 October 2017	365	88	268	721
Currency realignment	-	(7)	(37)	(44)
Recognised in profit or loss	(41)	223	224	406
At 30 September 2018	324	304	455	1,083

At the end of the financial year, the deferred tax assets not recognised comprises unutilised tax losses and other temporary differences of approximately RM151,564,000 (2017: RM137,899,000) and RM56,531,000 (2017: RM48,291,000), respectively that are available for set-off against future taxable profits. No deferred tax asset has been recognised in respect of these items due to the unpredictability of the profit streams. The unutilised tax losses are subject to agreement by relevant tax authorities. These deductible temporary differences do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

9. INTANGIBLE ASSETS

Group	Goodwill RM'000	Trademarks RM'000	Computer software RM'000	Franchise fees* RM'000	Total RM'000
2018					
Cost					
At 1 October 2017	28,409	24,691	2,345	4,119	59,564
Additions	-	-	154	2,448	2,602
Acquisition of a subsidiary (Note 6.4)	992	-	-	-	992
Disposal of subsidiaries (Note 6.5)	-	-	(743)	-	(743)
Currency realignment	(998)	(1,327)	-	-	(2,325)
At 30 September 2018	28,403	23,364	1,756	6,567	60,090
Accumulated amortisation					
At 1 October 2017	-	-	1,705	1,121	2,826
Amortisation for the financial year	-	-	125	362	487
Disposal of a subsidiaries (Note 6.5)	-	-	(460)	-	(460)
Currency realignment	-	-	-	(3)	(3)
At 30 September 2018	-	-	1,370	1,480	2,850
Accumulated impairment					
At 1 October 2017	11,945	11,951	-	-	23,896
Currency realignment	(998)	(511)	-	-	(1,509)
At 30 September 2018	10,947	11,440	-	-	22,387
Net carrying amount					
At 30 September 2018	17,456	11,924	386	5,087	34,853

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

9. INTANGIBLE ASSETS (CONTINUED)

Group	Goodwill RM'000	Trademarks RM'000	Computer software RM'000	Franchise fees* RM'000	Total RM'000
2017					
Cost					
At 1 October 2016	27,619	23,362	2,236	3,467	56,684
Additions	205	-	118	652	975
Acquisition of subsidiaries	417	1,329	-	-	1,746
Written off	-	-	(17)	-	(17)
Currency realignment	168	-	8	-	176
At 30 September 2017	28,409	24,691	2,345	4,119	59,564
Accumulated amortisation					
At 1 October 2016	-	-	1,443	846	2,289
Amortisation for the financial year	-	-	272	275	547
Written off	-	-	(17)	-	(17)
Currency realignment	-	-	7	-	7
At 30 September 2017	-	-	1,705	1,121	2,826
Accumulated impairment					
At 1 October 2016	11,777	11,951	-	-	23,728
Currency realignment	168	-	-	-	168
At 30 September 2017	11,945	11,951	-	-	23,896
Net carrying amount					
At 30 September 2017	16,464	12,740	640	2,998	32,842

* The remaining useful life of the franchise fees is between 4 to 20 years (2017: 5 to 20 years).

The amortisation of computer software and franchise fees is included in the "Administrative expenses" in the consolidated statement of comprehensive income.

During the financial year, the Group entered into an International Multiple Unit Franchise and Development Agreement ("IMUFDA") with the United States based franchisor, Cajun Global LLC, to develop 80 francised "Texas Chicken" exclusively for the territories of parts of West Java, Jakarta, Banten, Lampung, South Sumatra and Bengkulu in the country of Republic of Indonesia for 10 years from 2018 to 2027. The Group had since paid exclusive territory fees of RM1,962,000.

The Group had paid franchise fees in relation to new stores of RM486,000 (2017: RM652,000) in accordance with the IMUFDA to develop and operate "Texas Chicken" restaurants for a period of 10 to 20 years in Malaysia.

Trademarks are registered brands names such as Horleys, San Francisco Coffee, and Delicious acquired through business combinations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

9. INTANGIBLE ASSETS (CONTINUED)

The useful lives of the trademarks are estimated to be indefinite because based on the current market share of the trademarks, management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash flow for the Group. As such there is no amortisation of the costs of trademarks.

Impairment testing of goodwill, trademarks and other intangible assets

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGUs") that are expected to benefit from that business combination.

The Group tests significant CGUs for impairment annually, or more frequently when there is an indication that the unit may be impaired.

For presentation purposes, the carrying amounts of significant goodwill, trademarks and other intangible assets allocated to the respective CGUs have been grouped to the following segments:

(a) Food Services;
(b) Trading and Frozen Food; and
(c) Nutrition.

	Food Services RM'000	Trading and Frozen Food RM'000	Nutrition RM'000
2018			
Net carrying amount			
Goodwill	12,422	4,042	-
Trademarks	4,629	-	7,295
Franchise fees	5,087	-	-
2017			
Net carrying amount			
Goodwill	12,422	4,042	-
Trademarks	4,629	-	8,111
Franchise fees	2,998	-	-

The recoverable amount of the CGUs are determined from value-in-use calculations based on forecasts derived from the most recent cash flow projections approved by management covering a 5-year period or more, no growth is projected after the fifth year. The key assumptions for these value-in-use calculations are those regarding the discount rates, sales growth rates and gross margins.

9. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill, trademarks and other intangible assets (Continued)

	Food Services %	Trading and Frozen Food %	Nutrition %
2018			
Gross margin[(1)]	58.50 - 64.00	18.09	47.00
Sales growth rate[(2)]	18.20 - 20.90	10.00	2.98
Discount rate[(3)]	10.22 - 10.57	8.46	10.16
2017			
Gross margin[(1)]	57.50 - 64.00	17.61	46.40
Sales growth rate[(2)]	21.16 - 22.00	10.55	3.46
Discount rate[(3)]	6.65	6.65	5.50

(1) Average budgeted gross margin.
(2) Average sales growth rate used to extrapolate cash flows for the 5-year period.
(3) Pre-tax discount rate applied to the cash flow projections.

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for all the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved in the five years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements and expectations of future charges in market condition.

Sales growth rates – The forecasted sales growth rates are based on management estimates with reference to the historical trend.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment–specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

If any of the following changes were made to the above key assumptions, the carrying amounts of the CGUs would not be materially different from their recoverable amounts

	Group	
	2018	**2017**
Budgeted gross margins	Reduction from 5.2% - 10%	Reduction from 6.6% - 10%
Sales growth rates	Reduction of 10%	Reduction of 10%
Pre-tax discount rates	Increase of 10%	Increase of 10%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

10. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
Finished goods	31,128	36,232
Raw materials	2,907	3,012
Packaging materials	2,820	2,820
Work in progress	362	238
Consumables	4,499	3,478
	41,716	45,780
Allowance for write-down of inventories	(1,193)	(1,136)
	40,523	44,644

Movements in the allowance for write-down of inventories are as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 October	1,136	285
Allowance made during the financial year	316	1,136
Reversal of allowance no longer required	(259)	(285)
At 30 September	1,193	1,136

The cost of inventories recognised as an expense and included in "cost of goods sold" in the consolidated statement of comprehensive income amounted to RM246,176,000 (2017: RM253,321,000).

The allowance provided during the financial year of RM316,000 (2017: RM1,136,000) pertains to the slow moving inventories. The reversal of allowance no longer required of RM259,000 (2017: RM285,000) pertains to inventories sold above their carrying amounts in the current financial year. The reversal was included in the "cost of sales" line item in profit or loss.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current receivables				
Trade receivables	40,852	39,478	-	-
Allowance for doubtful trade receivables	(1,746)	(1,571)	-	-
	39,106	37,907	-	-
Other receivables	2,189	964	169	172
GST receivables	1,902	2,309	-	-
Allowance for doubtful other receivables	(38)	(27)	-	-
	4,053	3,246	169	172

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Prepayments	5,163	9,083	73	45
Deposits	11,012	9,016	35	447
Advances to suppliers	17	-	-	-
	16,192	18,099	108	492
Due from subsidiaries				
- non-trade	-	-	154,108	327,119
Allowance for doubtful debts	-	-	(68,988)	(48,242)
	-	-	85,120	278,877
Total trade and other receivables	59,351	59,252	85,397	279,541

The trade amounts owing by third parties are repayable within the normal trade credit terms of 30 to 90 days (2017: 30 to 60 days). In the opinion of the management, based on the review of the trade receivables, including balances that are outstanding for more than 90 days, allowance for doubtful receivables as at 30 September 2018 is adequate.

The non-trade amounts due from subsidiaries are unsecured, interest-free, except for the amount due from a subsidiary of RM24,845,000 (2017: RM26,035,000) which bears interest at 5.55% (2017: 5.55%) per annum. The non-trade amounts due from subsidiaries are repayable on demand (2017: same terms) and are to be settled in cash.

Movements in the allowance for doubtful trade receivables are as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 October	1,571	4,746
Currency realignment	(27)	(57)
Allowance made during the financial year	1,052	679
Write back of allowance no longer required	(540)	(245)
Written off	(310)	(3,552)
At 30 September	1,746	1,571

Allowance for doubtful trade receivables which are individually determined to be impaired arose mainly from customers who have difficulty in settling the amount due. Write back of allowance no longer required is due to amount recovered during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in the allowance for doubtful other receivables and amounts due from subsidiaries are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 October	27	38	48,242	65,572
Allowance made during the financial year	19	-	25,061	-
Write back of allowance no longer required	(8)	(11)	(1,709)	(17,831)
Currency realignment	-	-	(2,606)	501
At 30 September	38	27	68,988	48,242

During the financial year, the Company carried out a review of its non-trade receivables from subsidiaries and the review led to an additional allowance for doubtful debts amounting to approximately RM25,061,000 recognised in the Company's profit or loss.

In the previous financial year, write back of allowance of RM17,831,000 on the Company level was mainly due to the capitalisation of debts through the issuance of shares by certain subsidiaries. In the current financial year, write back of allowance of RM1,709,000 on the Company level was due to receipts from a subsidiary during the year.

The currency profiles of the Group's and Company's trade and other receivables (excluding GST receivables, prepayments and advances to suppliers) as at 30 September are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	45,221	40,657	83,780	178,715
Singapore dollar	169	592	762	29,176
United States dollar	1,650	179	95	29,926
New Zealand dollar	3,893	5,132	-	40,443
Australian dollar	816	1,300	-	49
British Pound sterling	-	-	-	872
Euro	12	-	-	-
Indonesian rupiah	508	-	687	315
	52,269	47,860	85,324	279,496

12. HELD-FOR-TRADING INVESTMENTS

	Group and Company	
	2018 RM'000	2017 RM'000
Quoted equity securities[1]	-	12,403
Unit trust[2]	-	11,010
	-	23,413

[1] Traded in United States, Singapore and Hong Kong Stock Exchanges
[2] Traded in various countries

The currency profiles of the Group's and Company's held-for-trading investments as at 30 September are as follows:

	Group and Company	
	2018 RM'000	2017 RM'000
Singapore dollar	-	10,969
United States dollar	-	6,012
Hong Kong dollar	-	2,662
Australian dollar	-	3,770
	-	23,413

13. CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed deposits	553	14,225	-	-
Cash and bank balances	35,554	35,664	5,600	5,175
	36,107	49,889	5,600	5,175

Fixed deposits are placed for a period of approximately 30 to 365 days (2017: 30 to 365 days) and the effective interest rates on the fixed deposits ranged from 2.95% to 3.90% (2017: 2.95% to 6.75%) per annum. The total fixed deposits of RM553,000 (2017: RM571,000) was pledged as security for the bank guarantee and payroll letter of credit facility.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

13. CASH AND BANK BALANCES (CONTINUED)

The currency profiles of the Group's and Company's fixed deposits and cash and bank balances as at 30 September are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	32,940	30,062	4,720	3,170
Singapore dollar	906	1,817	849	1,738
United States dollar	5	32	2	30
New Zealand dollar	1,186	2,628	19	23
Australian dollar	113	287	10	111
Indonesian rupiah	957	14,960	-	-
Hong Kong dollar	-	103	-	103
	36,107	49,889	5,600	5,175

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Group	
	2018 RM'000	2017 RM'000
Fixed deposits	553	14,225
Cash and bank balances	35,554	35,664
Total	36,107	49,889
Less: pledged fixed deposits	(553)	(571)
Less: bank overdraft (Note 15)	(19,182)	(445)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	16,372	48,873

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables – third parties	23,583	19,850	-	-
GST payables	58	143	-	-
Provision for employee benefits	282	439	-	-
Other payables	24,458	11,620	13	12
Deposits received	535	787	-	-
Accruals	18,725	14,909	1,381	1,499
Due to a subsidiary-non-trade	-	-	1,026	7
Total trade and other payables	67,641	47,748	2,420	1,518

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

14. TRADE AND OTHER PAYABLES (CONTINUED)

The average credit period on purchases of goods ranging from 7 to 60 days (2017: 7 to 60 days).

The non-trade amount due to a subsidiary is unsecured, interest-free and repayable on demand to be settled in cash (2017: same terms).

The currency profiles of the Group's and Company's trade and other payables (excluding GST payables and provision for employee benefits) as at 30 September are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	55,188	35,006	1,161	15
Singapore dollar	1,548	1,631	1,253	1,503
United States dollar	1,259	457	6	-
New Zealand dollar	7,002	6,460	-	-
Australian dollar	270	1,806	-	-
Euro	378	965	-	-
Swiss franc	289	421	-	-
British pound	399	380	-	-
Indonesian rupiah	968	40	-	-
	67,301	47,166	2,420	1,518

15. BANK BORROWINGS

	Company		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current liabilities				
Secured:				
Banker's acceptance	17,518	24,886	-	-
Revolving credit	-	8,746	-	8,746
Bank overdraft	19,182	445	19,182	-
Term loans	10,099	8,730	-	-
	46,799	42,807	19,182	8,746
Non-current liabilities				
Secured:				
Term loans	79,562	72,411	-	-
Total bank borrowings	126,361	115,218	19,182	8,746

The carrying amounts of bank borrowings approximate their fair values as they are floating rate instruments that are re-priced to market interest rates or drawdown near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

15. BANK BORROWINGS (CONTINUED)

The currency profiles of bank borrowings of the Group's and the Company's as at 30 September are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	126,361	106,472	19,182	-
Singapore dollar	-	8,746	-	8,746
	126,361	115,218	19,182	8,746

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Effective interest rates				
Banker's acceptance	3.25 – 4.65	3.20 – 4.70	-	-
Revolving credit	-	3.10 – 3.35	-	3.10 to 3.35
Bank overdraft	8.15	7.65	8.15	-
Term loans	4.35 – 6.65	4.35 – 7.35	-	-

Non-current bank borrowings are repayable as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
After one year	14,688	9,685	-	-
Two to five years	32,784	28,517	-	-
After five years	32,090	34,209	-	-
	79,562	72,411	-	-

The Group's bank borrowings as at 30 September 2018 are secured against the following:

(a) Company's corporate guarantee, except for a secured term loan of Nil (2017: RM102,000) (Note 18);
(b) Pledge of leasehold land and buildings and assets under construction (Note 4 and Note 5);
(c) Pledge of shares of a subsidiary; and
(d) Debenture comprising fixed and floating charge over all future and present assets of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

16. FINANCE LEASE PAYABLES

	Minimum lease payments RM'000	Future finance charges RM'000	Present value of lease payments RM'000
Group			
2018			
Within one year	10,914	(1,527)	9,387
After one year but within five years	23,712	(1,810)	21,902
	34,626	(3,337)	31,289
2017			
Within one year	8,485	(1,169)	7,316
After one year but within five years	17,849	(1,311)	16,538
	26,334	(2,480)	23,854

The finance lease terms range from 1 to 5 years (2017: 1 to 5 years). The effective interest rates charged during the financial year ranges from 2.50% to 16.34% (2017: 2.50% to 5.77%) per annum. Interest rates are fixed at the contract dates.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the leased assets (Note 4) and certain finance leases are secured by corporate guarantee (Note 18) issued by the Company.

The currency profiles of the Group's finance lease payables as at 30 September are as follows:

	Group	
	2018 RM'000	2017 RM'000
Ringgit Malaysia	31,151	23,854
Indonesian rupiah	138	-
	31,289	23,854

17. PROVISION FOR RESTORATION COSTS

	Group	
	2018 RM'000	2017 RM'000
At 1 October	1,462	1,193
Arose during the financial year (Note 4)	1,860	305
Discount rate adjustment	(7)	65
Unused amounts reversed	(30)	(3)
Utilised	-	(98)
At 30 September	3,285	1,462
Less: Current portion	(1,401)	(109)
Non-current portion	1,884	1,353

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

17. PROVISION FOR RESTORATION COSTS (CONTINUED)

Provision for restoration costs is made based on the estimated cost of restoring the rented premises, arising from the use of such premises and in accordance to the stipulations in the tenancy agreements. The estimated costs of such restoration are included in the costs of property, plant and equipment.

The estimated restoration costs are reviewed and updated annually based on the latest cost of restoring a premise.

Provision for restoration costs is classified as current liabilities unless the tenancy agreement, for which the restoration is required, expire more than 12 months after the reporting date.

18. FINANCIAL GUARANTEE CONTRACTS

	Company	
	2018 RM'000	2017 RM'000
At 1 October	3,522	1,606
Additions during the financial year	1,265	2,844
Amortisation during the financial year	(953)	(979)
Currency realignment	(96)	51
At 30 September	3,738	3,522

The Company provided corporate guarantee to banks for certain bank borrowings and finance lease payables of its subsidiaries. The balance as at 30 September 2018 of RM3,738,000 (2017: RM3,522,000) represents the fair value of financial guarantee contracts which was discounted at interest rates ranging from 2.85% to 7.15% (2017: 2.85% to 6.50%) per annum for over 1 to 14 years (2017: 1 to 9 years).

The currency profiles of the Company's financial guarantee contracts as at 30 September are denominated in Ringgit Malaysia.

19. DEFERRED TAX LIABILITIES

	Group	
	2018 RM'000	2017 RM'000
At 1 October	2,270	2,553
Acquisition of a subsidiary (Note 6.4)	2,075	-
Disposal of subsidiaries (Note 6.5)	(82)	-
Currency realignment	(2)	-
Recognised in profit or loss	920	(283)
At 30 September	5,181	2,270

19. DEFERRED TAX LIABILITIES (CONTINUED)

The following are the deferred tax liabilities recognised by the Group and movements thereon during the financial year:

	Property, plant and equipment RM'000	Other taxable temporary differences RM'000	Total RM'000
Group			
At 1 October 2016	2,918	(365)	2,553
Recognised in profit or loss	(35)	(248)	(283)
At 1 October 2017	2,883	(613)	2,270
Acquisition of a subsidiary (Note 6.4)	2,075	-	2,075
Disposal of subsidiaries (Note 6.5)	(82)	-	(82)
Currency realignment	-	(2)	(2)
Recognised in profit or loss	(438)	1,358	920
At 30 September 2018	4,438	743	5,181

20. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
Share capital	2018		2017	
	S$'000	RM'000	S$'000	RM'000
Issued and fully paid:				
At the beginning of the financial year	46,526	111,406	46,526	111,406
Issued for acquisition of a subsidiary (Note 6.4)	5,442	16,047	-	-
At the end of the financial year	51,968	127,453	46,526	111,406

The Company has only one class of ordinary shares which carry no right to fixed income. The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction. Share capital does not have a par value. All of these newly issued ordinary shares rank pari-passu with the existing ordinary shares.

On 11 June 2018, the Company issued 15,775,210 new ordinary shares for a total consideration of RM16,047,000 at RM1.017 (S$0.345) per share for the acquisition of Motivage as disclosed in Note 6.4 to the financial statements, representing the remaining consideration paid for the acquisition.

Movements in number of shares issued:

	Group and Company Number of ordinary shares	
	2018 '000	2017 '000
At 1 October	126,385	126,385
Issued for acquisition of a subsidiary (Note 6.4)	15,775	-
At 30 September	142,160	126,385

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

20. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

Treasury shares

Movement in treasury shares:

	Group and Company			
	Number of treasury shares		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
At the beginning/end of the financial year	242	242	183	183

The total amount paid to repurchase the shares has been deducted from shareholders' equity. The repurchased shares are held as treasury shares.

Share option reserve

Share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

Unexercised share options have lapsed on expiry of the share options on 12 October 2017 at 5.00 p.m. Accordingly, share options previously recognised in share options reserve have been transferred to the retained earnings in the statements of changes in equity.

21. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve of the Group and the Company represents foreign exchange differences arising from the translation of the financial statements of foreign operations and the Company whose functional currencies are different from that of the Group's presentation currency. This is non-distributable and the movements in this account are set out in the statements of changes in equity.

22. FAIR VALUE RESERVE

The fair value reserve represents the cumulative change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired. Movements in this reserve are set out in the statements of changes in equity.

23. OTHER RESERVE

The other reserve represents the premium paid for the acquisition of non-controlling interests in subsidiaries. Movements in this reserve are set out in the statements of changes in equity.

24. REVENUE

Revenue represents sale of food and beverages from food services as well as processing and distribution of food, beverages, dairies and nutrition products (Note 31).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

25. FINANCE COSTS

	Group	
	2018 **RM'000**	**2017** **RM'000**
Interest expense		
- Bank overdraft	373	47
- Banker's acceptance	659	1,138
- Term loans	2,930	1,966
- Revolving credit	12	246
- Offshore foreign currency loan	-	170
- Finance lease	1,599	1,350
- Others	93	74
	5,666	4,991

26. LOSS BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the financial statements, loss before income tax is arrived at after charging/(crediting) the following:

	Group	
	2018 **RM'000**	**2017** **RM'000**
Advertising and promotions	11,129	10,960
Allowance for doubtful receivables	1,071	679
Amortisation of intangible assets	487	547
Audit fees:		
- Auditor of the Company	219	229
- Other auditors	357	426
Non-audit fees:		
- Other auditors	85	76
Bad debts written off	392	158
Depreciation of:		
- Property, plant and equipment	26,232	22,777
- Investment properties	511	482
Directors' remuneration:		
- Directors of the Company	1,343	1,455
- Directors of the subsidiaries	1,608	1,896
Directors' fee of the Company	940	991
Operating lease expense:		
- Fixed portion	24,056	19,260
- Variable portion	1,875	1,821

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

26. LOSS BEFORE INCOME TAX (CONTINUED)

In addition to the charges and credits disclosed elsewhere in the financial statements, loss before income tax is arrived at after charging/(crediting) the following: (Continued)

	Group	
	2018 RM'000	2017 RM'000
Property, plant and equipment written off	1,060	685
Inventories written off	566	1,286
Allowance for write down of inventories	316	1,136
Reversal of allowance for write down of inventories	(259)	(285)
Staff costs:		
- Salaries, bonuses and allowances	77,396	64,245
- Employer contributions to defined contribution plans	6,652	5,398
Impairment loss on available-for-sale financial asset	-	32,870
Allowance for doubtful receivables no longer required, now written back	(548)	(256)
Dividend income*	(156)	(2,321)
Fair value loss/(gain) on held-for-trading investments, net*	450	(3,417)
Foreign currency exchange gain, net*	(4,080)	(1,936)
Reversal of overprovision of incidental costs relating to disposal of subsidiaries in prior years*	-	(2,842)
Loss/(Gain)* on disposal of:		
- Held-for-trading investments	1	(298)
- Property, plant and equipment	(4,818)	(331)
- Investment properties	(2,812)	-
Gain on disposal of subsidiaries	(1,837)	-
Interest income*	(701)	(1,284)
Rental income:*		
- Investment properties	(1,826)	(1,594)
- Others	(67)	(75)

* Included in other operating income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

27. INCOME TAX EXPENSE

	Group	
	2018 **RM'000**	**2017** **RM'000**
Current tax:		
- Current year	1,999	4,015
- (Over)/Under provision in prior years	(79)	4
	1,920	4,019
Deferred tax:		
- Current year	667	(89)
- (Over)/Under provision in prior years	(153)	171
	514	82
	2,434	4,101

The Group has significant operations in Malaysia, for which the corporate income tax rate applicable is 24% (2017: 24%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense varied from the amount of income tax expense determined by applying the Malaysia income tax rate of 24% (2017: 24%) to loss before income tax as a result of the following differences:

	Group	
	2018 **RM'000**	**2017** **RM'000**
Loss before income tax	(25,432)	(49,440)
Income tax calculated at Malaysia statutory tax rate of 24% (2017: 24%)	(6,104)	(11,866)
Effect of different tax rates in other countries	(534)	1,864
Expenses not deductible for tax purposes	5,072	11,336
Income not subject to tax	(3,153)	(3,629)
Tax incentives	-	(396)
Current tax (over)/under provided in prior years	(79)	4
Deferred tax (over)/under provided in prior years	(153)	171
Deferred tax assets not recognised	7,259	6,715
Utilisation of deferred tax assets not recognised	(577)	(886)
Withholding tax	703	818
Others	-	(30)
	2,434	4,101

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

28. LOSS PER SHARE

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

	Group	
	2018	**2017**
Loss after income tax attributable to owners of the Company (RM'000)	(26,408)	(52,405)
Weighted average number of ordinary shares in issue during the financial year ('000)	130,984	126,143
Basic/diluted loss per share (RM sen)	(20.16)	(41.54)

Diluted loss per share is the same as the basic loss per share because there are no potential ordinary shares as at the end of the current financial year.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
With related parties:				
- Insurance premium paid to a related party*	1,643	1,657	20	23
- Purchase of goods from a related party*	800	940	-	-
- Purchase of motor vehicles from a related party*	958	294	-	-
- Acquisition of a subsidiary (Note 6.4)#	21,047	-	-	-
- Rental income	172	158	-	-

	Company	
	2018 RM'000	**2017 RM'000**
With subsidiaries:		
- Management fees	(1,176)	(992)
- Dividend income	-	(151,113)
- Interest income	(1,379)	(1,399)
- Net settlement of liabilities on behalf of subsidiaries	3,096	5,557
- Advances to subsidiaries	(70,088)	(51,597)
- Repayments from subsidiaries	28,424	13,564

* A related party is a company where the Directors have beneficial interest or significant influence over the entity.

\# Related parties where a Director of the subsidiaries and a close family member of the Director have beneficial interest or significant influence over the entity.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

The remuneration of Directors and other members of key management of the Group and of the Company are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short-term employee benefits	5,906	5,933	2,242	2,407
Post-employment benefits	324	303	41	39
	6,230	6,236	2,283	2,446
Analysed into:				
- Directors of the Company	2,283	2,446	2,283	2,446
- Directors of the subsidiaries	1,608	1,896	-	-
- Other key management personnel	2,339	1,894	-	-
	6,230	6,236	2,283	2,446

30. COMMITMENTS

30.1 Capital commitments

As at the end of the financial year, the Group had the following capital commitments:

	Group	
	2018 RM'000	2017 RM'000
Contracted but not provided for:		
Construction of a factory	80,818	15,919
Renovation, purchase of plant and equipment	43,663	8,877
	124,481	24,796

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

30. COMMITMENTS (CONTINUED)

30.2 Operating lease commitments – as lessee

As at the end of the financial year, there were operating lease commitments for rental payable in subsequent accounting periods as follows:

	Group	
	2018 RM'000	2017 RM'000
Within one year	23,218	18,580
Two to five years	23,334	27,225
More than five years	2,989	5,367
	49,541	51,172

As at the end of the financial year, the Group leases office premises and other operating facilities under operating leases. Leases are negotiated and rentals are fixed for a period of 1 to 10 years (2017: 1 to 10 years) with an option to renew at the prevailing market rates. Apart from the above lease commitment, the Group is required to pay contingent rentals based on percentage of sales derived from the operations at the rented premises.

30.3 Operating lease commitments – as lessor

As at the end of the financial year, there were non-cancellable operating lease commitments for rental receivable for premises in subsequent accounting periods as follows:

	Group	
	2018 RM'000	2017 RM'000
Within one year	366	1,580
Two to three years	-	366
	366	1,946

The above lease agreements expire within 1 year expiring in October 2018 and December 2018 (2017: within 1 to 2 years expiring in October 2018 and December 2018). The current rent receivables under the leases are subject to revision after expiry with no provisions for contingent rent.

Upon expiry of the lease term, the lessee is granted an option to renew the tenancy for two years subject to compliance and observation of all the terms and conditions in the tenancy agreements.

31. SEGMENT INFORMATION

Business segments

A segment is a distinguishable component of the Group's business that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management has determined the operating segments based on the reports reviewed that are used to make strategic decisions.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments.

Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

The Group's businesses segments are as follows:

(a) Food Services Division – Texas Chicken, San Francisco Coffee and Delicious Restaurants;

(b) Trading and Frozen Food Division – wholesalers of foodstuff, provisions and frozen meat;

(c) Food Processing Division comprising of:

- bakery;
- butchery;
- beverages; and
- contract packing for dairy and juice-based drinks.

(d) Nutrition Division – marketing and distribution of branded sport nutrition and weight management food; and

(e) Dairies Division – distribution of condensed and evaporated milk (New division).

Intersegment sales

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation. Inter-segment pricing is determined on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

31. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Nutrition RM'000	Dairies RM'000	Unallocated RM'000	Total RM'000
2018							
Revenue							
Total revenue	172,814	167,990	52,000	27,453	19,957	10,589	450,803
Intersegment revenue	(305)	(13,177)	(3,023)	(955)	(149)	(10,589)	(28,198)
Revenue from external customers	172,509	154,813	48,977	26,498	19,808	-	422,605
Results							
Segment results	(15,602)	12,055	(6,323)	(1,263)	(1,439)	(7,895)	(20,467)
Interest income	68	234	93	8	-	298	701
Finance costs	(1,843)	(1,333)	(810)	1	(22)	(1,659)	(5,666)
(Loss)/Profit before income tax	(17,377)	10,956	(7,040)	(1,254)	(1,461)	(9,256)	(25,432)
Income tax (expense)/credit	(27)	(2,173)	205	(47)	308	(700)	(2,434)
(Loss)/Profit after tax	(17,404)	8,783	(6,835)	(1,301)	(1,153)	(9,956)	(27,866)
Segment assets	123,779	125,063	162,770	16,216	35,497	55,536*	518,861
Segment liabilities	56,808	41,225	69,486	2,348	11,771	52,427[@]	234,065
Other information							
Additions to property, plant and equipment	33,131	8,322	28,807	140	24,203	700	95,303
Additions to intangible assets	2,523	8	7	-	1,056	-	3,594
Depreciation and amortisation	13,878	2,319	8,567	120	96	2,250	27,230
Allowance for doubtful receivables	-	807	264	-	-	-	1,071
Property, plant and equipment written off	299	1	117	643	-	-	1,060
Allowance for write down of inventories	-	-	316	-	-	-	316
Gain on disposal of property, plant and equipment	(105)	(11)	(4,702)	-	-	-	(4,818)
Gain on disposal of investment properties	-	-	(2,812)	-	-	-	(2,812)

* Included in unallocated segment assets are cash and bank balances, property, plant and equipment and investment properties of the Company and certain subsidiaries amounting to RM7,509,000, RM24,148,000 and RM23,364,000, respectively which are not attributable to the reporting segments.

[@] Included in unallocated segment liabilities is bank borrowings of the Company and certain subsidiaries amounting to RM19,182,000 and RM29,253,000, respectively which are not attributable to the respective reporting segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

31. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Nutrition RM'000	Unallocated RM'000	Total RM'000
2017						
Revenue						
Total revenue	129,112	180,071	82,456	35,329	9,171	436,139
Intersegment revenue	(24)	(9,164)	(6,278)	(1,171)	(9,171)	(25,808)
Revenue from external customers	129,088	170,907	76,178	34,158	-	410,331
Results						
Segment results	(12,265)	12,923	(13,084)	(1,319)	(31,988)#	(45,733)
Interest income	76	189	79	10	930	1,284
Finance costs	(1,297)	(1,145)	(813)	-	(1,736)	(4,991)
(Loss)/Profit before income tax	(13,486)	11,967	(13,818)	(1,309)	(32,794)	(49,440)
Income tax expense	-	(2,476)	(376)	(417)	(832)	(4,101)
(Loss)/Profit after tax	(13,486)	9,491	(14,194)	(1,726)	(33,626)	(53,541)
Segment assets	94,689	127,715	158,131	20,609	94,866*	496,010
Segment liabilities	35,881	47,863	56,877	4,116	45,993@	190,730
Other information						
Additions to property, plant and equipment	25,389	25,039	33,787	503	3,977	88,695
Additions to intangible assets	2,603	85	33	-	-	2,721
Depreciation and amortisation	9,556	1,947	7,883	2,369	2,051	23,806
Allowance for doubtful receivables	-	339	194	146	-	679
Property, plant and equipment written off	675	9	1	-	-	685
Allowance for write down of inventories	-	-	1,136	-	-	1,136
Reversal of overprovision of incidental costs relating to disposal of subsidiaries in prior years	-	-	-	-	2,842	2,842
Impairment of available-for-sale financial assets	-	-	-	-	32,870	32,870

Segment results from unallocated segment comprise mainly the impairment loss on available-for-sale financial asset during the financial year ended 30 September 2017.

* Included in unallocated segment assets are cash and bank balances, held-for-trading investments, property, plant and equipment and investment properties of the Company and certain subsidiaries amounting to RM21,245,000, RM23,413,000, RM25,216,000 and RM23,846,000, respectively which are not attributable to the reporting segments.

@ Included in unallocated segment liabilities is bank borrowings of the Company and certain subsidiaries amounting to RM8,746,000 and RM33,710,000, respectively which are not attributable to the respective reporting segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

31. SEGMENT INFORMATION (CONTINUED)

Geographical segments

The Group's business segments operate in five main geographical areas. Revenue is based on the country in which the customer is located. Segment non-current assets consist primarily of non-current assets other than financial instruments and deferred tax assets. Segment non-current assets are shown by geographical area in which the assets are located.

	Malaysia RM'000	China RM'000	Asean (excluding Malaysia) RM'000	New Zealand RM'000	Australia RM'000	Others* RM'000	Total RM'000
2018							
Revenue							
External revenue	369,222	822	2,196	41,407	5,642	3,316	422,605
Segment non-current assets	355,858	-	4,082	20,197	-	-	380,137
2017							
Revenue							
External revenue	346,894	4,518	956	45,832	9,318	2,813	410,331
Segment non-current assets	293,107	-	-	24,169	-	-	317,276

* Comprise countries with individually insignificant revenue and assets

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's activities expose the Group to financial risks (including credit risk, foreign currency risk, interest rate risk and liquidity risk) arising in the normal course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The management is responsible for setting the objectives and underlying principles of financial risks management for the Group. The management continually monitors the Group's financial risk management process to ensure that an appropriate balance between risk and control is achieved.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

32.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.1 Credit risk (Continued)

The age analysis of trade receivables that are past due are as follows:

	2018		2017	
	Gross receivables RM'000	Impaired RM'000	Gross receivables RM'000	Impaired RM'000
Group				
Past due 1 day to 3 months	18,865	893	15,582	-
Past due over 3 to 6 months	1,256	13	2,123	-
Past due over 6 to 12 months	581	120	-	-
Past due over 12 months	830	720	1,661	1,571
	21,532	1,746	19,366	1,571

Based on historical default rates, the Group believes that impairment is adequate in respect of trade receivables past due as the Group has a credit policy to maintain its exposure to credit risk on an on-going basis. The trade receivables are mainly arising from customers that have good collection track records within the Group.

The Group's and Company's major classes of financial assets are fixed deposits, cash and bank balances and trade and other receivables.

Bank balances and fixed deposits are mainly deposits with financial institutions with high credit-ratings assigned by international credit rating agencies.

The Company does not have significant exposure to credit risks except for amounts due from subsidiaries as disclosed in Note 11.

32.2 Foreign currency risk

The Group operates and trades in several countries predominantly in Singapore, China, Malaysia, New Zealand, Indonesia and Australia. Currency risk arises within entities in the Group when transactions are denominated in foreign currencies.

Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level, as the Group manages its transactional exposure by matching, as far as possible, receipts and payments in each individual currency.

In relation to the Group's overseas investments in foreign operations where net assets are exposed to currency translation risks, they are not hedged as currency positions in these foreign currencies are considered to be long-term in nature. Differences arising from such translation are recorded under the foreign currency translation reserves.

Foreign currency risk arises from transactions denominated in currencies other than the functional currencies of the respective companies in the Group and the Company.

The currencies that give rise to this risk of the Group are primarily Ringgit Malaysia ("MYR"), United States dollar ("USD"), Singapore dollar ("SGD"), New Zealand dollar ("NZD"), Australian dollar ("AUD"), Hong Kong dollar ("HKD") and Indonesian rupiah ("IDR").

The currencies that give rise to this risk of the Company are primarily Ringgit Malaysia ("MYR"), United States dollar ("USD"), New Zealand dollar ("NZD"), Australian dollar ("AUD"), Hong Kong dollar ("HKD") and Indonesian rupiah ("IDR").

The Group and the Company have not entered into any currency forward exchange contracts as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.2 Foreign currency risk (Continued)

The Group's and the Company's exposure from foreign currency denominated financial assets and financial liabilities as at the end of the financial year is as follows:

	MYR RM'000	USD RM'000	SGD RM'000	NZD RM'000	AUD RM'000	HKD RM'000	IDR RM'000
Group							
2018							
Total financial assets	78,315	1,655	1,075	5,079	929	-	1,465
Total financial liabilities	(212,700)	(1,259)	(1,548)	(7,002)	(270)	-	(1,106)
Net financial (liabilities)/assets	(134,385)	396	(473)	(1,923)	659	-	359
Less:							
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	221,411	(27,560)	(50,527)	16,319	(44)	-	57
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	87,026	(27,164)	(51,000)	14,396	615	-	416
2017							
Total financial assets	70,961	6,223	13,378	7,760	5,357	2,765	14,960
Total financial liabilities	(165,441)	(457)	(10,377)	(6,460)	(1,806)	-	(40)
Net financial (liabilities)/assets	(94,480)	5,766	3,001	1,300	3,551	2,765	14,920
Less:							
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	270,665	(1,121)	(35,085)	55,701	-	-	(14,909)
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	176,185	4,645	(32,084)	57,001	3,551	2,765	11

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.2 Foreign currency risk (Continued)

	MYR RM'000	USD RM'000	NZD RM'000	AUD RM'000	HKD RM'000	IDR RM'000
Company						
2018						
Total financial assets	88,500	97	19	10	-	687
Total financial liabilities	(24,081)	(6)	-	-	-	-
Net currency exposure of financial assets	64,419	91	19	10	-	687
2017						
Total financial assets	181,885	35,968	40,466	3,930	2,765	315
Total financial liabilities	(3,537)	-	-	-	-	-
Net currency exposure of financial assets	178,348	35,968	40,466	3,930	2,765	315

Foreign currency sensitivity analysis

The following tables detail the Group's sensitivity to a 10% (2017: 10%) change in MYR, SGD, USD and NZD against the Group entities' respective functional currency and the Company's sensitivity to a 10% (2017: 10%) change in MYR against the Company's functional currency (SGD). The sensitivity analysis assumes an instantaneous 10% (2017: 10%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in SGD, USD, NZD and MYR are included in the analysis.

	Increase/(Decrease) Group Profit or Loss 2018 RM'000	2017 RM'000
MYR		
Strengthened against SGD	8,703	17,619
Weakened against SGD	(8,703)	(17,619)
SGD		
Strengthened against MYR	(5,100)	(3,208)
Weakened against MYR	5,100	3,208
USD		
Strengthened against MYR	(2,716)	464
Weakened against MYR	2,716	(464)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.2 Foreign currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease) Group Profit or Loss 2018 RM'000	Increase/(Decrease) Group Profit or Loss 2017 RM'000
NZD		
Strengthened against MYR	1,440	5,700
Weakened against MYR	(1,440)	(5,700)

	Increase/(Decrease) Company Profit or Loss 2018 RM'000	Increase/(Decrease) Company Profit or Loss 2017 RM'000
MYR		
Strengthened against SGD	6,442	17,835
Weakened against SGD	(6,442)	(17,835)

The potential impact of foreign exchange rate fluctuation in profit or loss as described in the sensitivity analysis above is attributable mainly to foreign exchange rate fluctuations of the Group's and the Company's foreign exchange exposure on foreign currency denominated cash and cash equivalents, held-for-trading investments, receivables and payables at the end of the financial year.

32.3 Interest rate risk

The Group's exposure to market risks for changes in interest rates relates primarily to bank borrowings and fixed deposits (2017: bank borrowings and fixed deposits) with financial institutions. The Group maintains an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for bank borrowings and fixed deposits at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 100 basis point (2017: 100 basis point) change in the interest rates from the end of the financial year, with all variables held constant.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.3 Interest rate risk (Continued)

Interest rate sensitivity analysis (Continued)

If the interest rates increase by 100 basis point (2017: 100 basis point), loss before tax of the Group will increase/(decrease) by:

	Increase/(Decrease) Group Loss before tax	
	2018 RM'000	**2017 RM'000**
Fixed deposits	6	142
Bank borrowings	(1,264)	(1,152)

A 100 basis point (2017: 100 basis point) decrease in the interest rates would have an equal but opposite effect to the Group.

The Company had on 17 October 2017, settled all its outstanding revolving credit balance as disclosed in Note 7 to the financial statements. Accordingly, the Company does not have any significant exposure to the financial risk arising from changes in interest rate risk. Therefore, no sensitivity analysis is disclosed.

32.4 Liquidity risk

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents and by ensuring the availability of funding through adequate amount of committed credit facilities from financial institutions to meet their working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.4 Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.

	Effective interest rate %	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group						
2018						
Bank borrowings	3.25 – 8.15	53,362	18,577	40,991	35,518	148,448
Finance lease payables	2.50 – 16.34	10,914	9,517	14,195	-	34,626
Trade and other payables	-	67,301	-	-	-	67,301
		131,577	28,094	55,186	35,518	250,375
2017						
Bank borrowings	3.10 – 7.65	47,921	13,106	36,405	36,466	133,898
Finance lease payables	2.50 – 5.77	8,485	7,394	10,455	-	26,334
Trade and other payables	-	47,166	-	-	-	47,166
		103,572	20,500	46,860	36,466	207,398

The repayment terms of the bank borrowings and finance leases are disclosed in Notes 15 and 16 to the financial statements.

	Effective interest rate %	Less than 1 year RM'000
Company		
2018		
Bank borrowing	8.15	20,746
Trade and other payables	-	2,420
		23,166
2017		
Bank borrowing	3.10 – 3.35	9,028
Trade and other payables	-	1,518
		10,546

As at 30 September 2018, the Company provided financial guarantees to the banks for borrowings of certain subsidiaries which amounted to RM117,879,000 (2017: RM100,895,000). These borrowings represent the maximum amount that the guarantees could be called within one financial year should the subsidiaries default on repayment.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.5 Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of current financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the non-current bank borrowings approximate their fair values due to floating rates or frequent repricing. The fair value of financial guarantees in the financial statements have been disclosed in Note 18.

(ii) Available-for-sale financial assets

Quoted equity securities (Level 1): The fair value is determined by reference to the exchange quoted market bid prices at the close of business at the end of the reporting period.

(iii) Held-for-trading investments

Quoted equity securities and fixed income (Level 1): The fair value is determined by reference to the exchange quoted market bid prices at the close of business at the end of the reporting period.

Unit trusts and funds (Level 2): The fair value of the unit trusts and funds are based on net asset values of the underlying investments.

(iv) Finance lease payables (Level 2)

The fair value is estimated by future contractual cash flows at market incremental borrowing rate for similar type of borrowing arrangement at the end of the reporting period.

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

- Level 2: Inputs other than quoted prices included within Level 1 that are determined using the other observable inputs such as quoted prices for similar asset/liability in active markets, quoted prices for identical or similar asset/liability in non-active markets or inputs other than quoted prices that are observable for the asset or liability,

- Level 3: Unobservable inputs for the asset or liability.

There were no transfer between levels of the fair value hierarchy during the financial year.

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.5 Fair values of financial assets and financial liabilities (Continued)

Determination of fair value

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Note	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
2018										
Group										
Financial assets										
- Available-for-sale financial assets	7	154	-	-	154	-	-	-	-	154
Financial liabilities										
- Finance lease payables	16	-	-	-	-	-	29,002	-	29,002	31,289
Company										
Financial liabilities										
- Financial guarantee contracts	18	-	-	3,738	3,738	-	-	-	-	3,738

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.5 Fair values of financial assets and financial liabilities (Continued)

Determination of fair value (Continued)

	Note	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
2017										
Group										
Financial assets										
- Available-for-sale financial assets	7	242	-	-	242	-	-	-	-	242
- Held-for-trading investments	12	12,403	11,010	-	23,413	-	-	-	-	23,413
Financial liabilities										
- Finance lease payables	16	-	-	-	-	-	22,313	-	22,313	23,854
Company										
Financial assets										
- Held-for-trading investments	12	12,403	11,010	-	23,413	-	-	-	-	23,413
Financial liabilities										
- Financial guarantee contracts	18	-	-	3,522	3,522	-	-	-	-	3,522

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial assets				
Financial assets at fair value through profit or loss				
Held-for-trading investments	-	23,413	-	23,413
Loan and receivables				
Trade and other receivables*	52,269	47,860	85,324	279,496
Fixed deposits	553	14,225	-	-
Cash and bank balances	35,554	35,664	5,600	5,175
Total loan and receivables	88,376	97,749	90,924	284,671
Available-for-sale financial assets	154	242	-	-
Total financial assets	88,530	121,404	90,924	308,084

* Excludes GST receivables, prepayments and advances to suppliers.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial liabilities				
Trade and other payables**	67,301	47,166	2,420	1,518
Bank borrowings	126,361	115,218	19,182	8,746
Finance lease payables	31,289	23,854	-	-
Financial guarantee contracts	-	-	3,738	3,522
Total financial liabilities carried at amortised cost	224,951	186,238	25,340	13,786

** Excludes GST payables and provision for employee benefits.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.7 Offsetting financial assets and financial liabilities

The following table details the Company's financial assets which are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross carrying amounts RM'000	Gross amounts offset in the statement of financial position RM'000	Net amounts in the statement of financial position RM'000
Company			
As at 30 September 2018			
Trade and other receivables	71,713	13,684	85,397
Trade and other payables	11,264	(13,684)	(2,420)
As at 30 September 2017			
Trade and other receivables	296,047	(16,506)	279,541
Trade and other payables	(18,024)	16,506	(1,518)

32.8 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' values.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated profits as shown in the statements of financial position.

The Company may purchase its own shares from the market and the timing of these purchases depends on market prices. Primarily, such actions are intended to enhance the return to the Company's shareholders and to be used for issuing shares under the Group's share options scheme in the future. Buy and sell decisions are made on a specific transaction basis by the management. The Company does not have a defined buy-back plan.

The Group overall strategy remains unchanged since prior financial year.

Management constantly reviews the capital structure to ensure the Group and the Company are able to service all debt obligations (include principal repayment and interests) based on its operating cash flows.

The Group is not subject to externally imposed capital requirements for the financial years ended 30 September 2018 and 2017.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables and finance leases liabilities less fixed deposits and cash and bank balances. Total capital is calculated as equity plus net debt.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.8 Capital management policies and objectives (Continued)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net debt	189,184	136,931	16,002	5,089
Total equity	284,796	305,280	358,928	384,532
Total capital	473,980	442,211	374,930	389,621
Gearing ratio	39.91%	30.97%	4.27%	1.31%

33. SUBSEQUENT EVENTS

(i) On 21 November 2018, the Company completed its renounceable non-underwritten rights issue (the “Rights cum Warrants Issue”) of up to 113,534,799 new ordinary shares of the Company (the “Rights Shares”) at an issue price of S$0.16 for each Rights Share (the “Issue Price”) with up to 113,534,799 free detachable warrants (the “Warrants”), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “Warrant Share”) at an exercise price of S$0.16 for each Warrant Share, 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 a books closure date on 29 October 2018, with one (1) Warrant for every one (1) Rights Share subscribed by the shareholders of the Company.

Valid acceptances and valid excess applications for a total of 105,195,904 Rights Shares with Warrants, representing approximately 92.66% of the 113,534,799 Rights shares with Warrants available under the Rights cum Warrants Issue were received and the total proceeds raised was approximately S$16,530,000 (equivalent to RM50,444,601), net of estimated attributable expenses of approximately S$300,000 (equivalent to RM915,510).

(ii) On 30 November 2018, the Group entered into conditional sale and purchase agreements with three third parties to dispose certain property, plant and equipment for a total consideration of RM2,100,000, which is estimated to result in a gain on disposal of RM1,256,000.

34. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group, the statement of financial position of the Company as at 30 September 2018 and statement of changes in equity of the Company for the financial year ended 30 September 2018 were authorised for issue by the Board of Directors of the Company on 6 December 2018.

STATISTICS OF SHAREHOLDINGS

AS AT 30 NOVEMBER 2018

Issued and fully paid-up capital	:	S$69,714,839.268
Number of ordinary shares in issue	:	247,356,403
Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Number of Treasury Shares held	:	242,000
Number of ordinary shares excluding Treasury Shares	:	247,114,403
Percentage of Treasury Shares	:	0.1%(1)

Note:

(1) Calculated based on 247,114,403 voting shares as at 30 November 2018.

VOTING RIGHTS

Shareholder’s voting rights are set out in Regulation 65 of the Company’s Constitution.

Every Member present in person or by proxy shall have one vote for every share which he holds or represents.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed are at all times held by the public.

Based on the information provided and to the best knowledge of the Directors, approximately 25.7% of the issued ordinary shares of the Company are held in the hands of the public as at 30 November 2018 and therefore Rule 723 of the Listing Manual of the SGX-ST is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	15	1.31	761	0.00
100 – 1,000	176	15.41	104,173	0.04
1,001 – 10,000	569	49.83	2,593,092	1.05
10,001 – 1,000,000	361	31.61	23,232,005	9.40
1,000,001 and above	21	1.84	221,184,372	89.51
TOTAL	1,142	100.00	247,114,403	100.00

STATISTICS OF SHAREHOLDINGS

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	JAYA J B TAN	37,313,449	15.10
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	32,834,400	13.29
3.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	32,484,873	13.15
4.	TEE YIH JIA FOOD MANUFACTURING PTE LTD	28,642,680	11.59
5.	GOI SENG HUI	28,052,337	11.35
6.	PHILLIP SECURITIES PTE LTD	15,843,449	6.41
7.	KAMAL Y P TAN	8,536,385	3.45
8.	KWONG YUEN SENG	7,071,444	2.86
9.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	6,053,028	2.45
10.	UOB KAY HIAN PRIVATE LIMITED	4,956,260	2.01
11.	DBS NOMINEES (PRIVATE) LIMITED	3,727,660	1.51
12.	BERNARD KOH HAN CHONG (XU HANZHONG)	2,782,440	1.13
13.	OCBC SECURITIES PRIVATE LIMITED	2,348,940	0.95
14.	HEW MARGARET WYE YOONG OR HEW LEONARD YOKE LEONG	1,800,000	0.73
15.	SOME YEW PEW	1,658,400	0.67
16.	RHB SECURITIES SINGAPORE PTE. LTD.	1,367,520	0.55
17.	PHANG MAH THIANG	1,268,200	0.51
18.	KE WENG SEONG	1,165,140	0.47
19.	POK YORK KENG	1,158,091	0.47
20.	YAP BENG WEI	1,107,000	0.45
	TOTAL	**220,171,696**	**89.10**

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

	Name	Direct Interest	%	Deemed interest	%	Total Interest	%
(1)(2)	Dato' Jaya J B Tan	44,063,449	17.83	46,169,345	18.68	90,232,794	36.51
(1)(2)	Dato' Kamal Y P Tan	43,960,385	17.79	46,272,409	18.72	90,232,794	36.51
(3)	Datuk Sam Goi Seng Hui	28,052,337	11.35	28,643,780	11.59	56,696,117	22.94
	Tee Yih Jia Food Manufacturing Pte Ltd	28,643,780	11.59	-	-	28,643,780	11.59
(2)	Khor Sin Kok	20,649,254	8.36	-	-	20,649,254	8.36

(1) Deemed interested in each others shares through the shares held by Dato' Jaya, Dato' Kamal, spouse of Dato' Jaya and spouse of Dato' Kamal.
(2) Direct interest includes shares held through nominees.
(3) Deemed interested in shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of section 7 of the Companies Act, Cap. 50.

STATISTICS OF WARRANTHOLDINGS

AS AT 30 NOVEMBER 2018

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 99	0	0.00	0	0.00
100 – 1,000	14	5.30	10,760	0.01
1,001 – 10,000	116	43.94	629,844	0.60
10,001 – 1,000,000	123	46.59	10,980,244	10.44
1,000,001 and above	11	4.17	93,575,056	88.95
TOTAL	264	100.00	105,195,904	100.00

TWENTY LARGEST WARRANTHOLDERS

No.	Name	No. of Warrants	%
1.	JAYA J B TAN	21,305,977	20.25
2.	GOI SENG HUI	16,445,673	15.63
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	14,544,000	13.83
4.	TEE YIH JIA FOOD MANUFACTURING PTE LTD	12,730,080	12.10
5.	KAMAL Y P TAN	8,516,171	8.10
6.	PHILLIP SECURITIES PTE LTD	6,905,980	6.56
7.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	5,260,275	5.00
8.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,477,520	2.36
9.	UOB KAY HIAN PRIVATE LIMITED	2,152,740	2.05
10.	KWONG YUEN SENG	2,000,000	1.90
11.	BERNARD KOH HAN CHONG (XU HANZHONG)	1,236,640	1.18
12.	HEW MARGARET WYE YOONG OR HEW LEONARD YOKE LEONG	800,000	0.76
13.	SOME YEW PEW	700,000	0.67
14.	KE WENG SEONG	517,840	0.49
15.	POK YORK KENG	514,707	0.49
16.	YAP BENG WEI	492,000	0.47
17.	DBS NOMINEES (PRIVATE) LIMITED	475,260	0.45
18.	RHB SECURITIES SINGAPORE PTE. LTD.	461,120	0.44
19.	YUEN CHOOI CHUN @ YUEN PIK CHAN	392,000	0.37
20.	NG HIN LEE	384,000	0.37
	TOTAL	**98,311,983**	**93.47**

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Envictus International Holdings Limited will be held at Crystal Suite, Level 2, Holiday Inn Singapore Orchard City Centre, 11 Cavenagh Road, Singapore 229616 on Thursday, 17 January 2019 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 30 September 2018 and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to the Company's Constitution and who, being eligible, offer themselves for re-election:

   (i) Dato' Jaya J B Tan (Regulation 91) **(Resolution 2)**

   (ii) Mr Mah Weng Choong (Regulation 91) **(Resolution 3)**

3. To approve the payment of Directors' fees of S$313,000 for the financial year ended 30 September 2018 (FY2017: S$308,000). **(Resolution 4)**

4. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

6. ORDINARY RESOLUTION – AUTHORITY TO ISSUE SHARES **(Resolution 6)**

"THAT pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(i) the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below).

NOTICE OF ANNUAL GENERAL MEETING

(ii) (subject to such calculation as may be prescribed by SGX-ST), for the purpose of determining the aggregate number of shares that may be issued in under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercising share options or vesting of shares awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note (a)]

7. ORDINARY RESOLUTION – AUTHORITY TO GRANT OPTIONS AND ISSUE SHARES (Resolution 7)

"THAT pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore, the Directors of the Company be and are hereby authorized and empowered to offer and grant options under the Envictus Employee Share Option Scheme ("the Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether during the subsistence of this authority or otherwise, the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." [See Explanatory Note (b)]

BY ORDER OF THE BOARD

S Surenthiraraj @ S Suressh
Kok Mor Keat
Company Secretaries

Singapore
28 December 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Special Business to be transacted

(a) Ordinary Resolution 6, if passed, will enable the Directors to issue shares in the Company up to 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company (in the case of issuance other than on a pro-rata basis to existing shareholders, such aggregate number of shares not to exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company) for such purposes as they consider to be in the interests of the Company.

(b) Ordinary Resolution 7, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to offer and grant options under the Employee Share Option Scheme ("the Scheme") and to allot and issue shares in the Company of up to a number not exceeding in total fifteen per cent. (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time pursuant to the exercise of the options under the Scheme.

NOTES:

1. A member (other than a Relevant Intermediary (as defined below)) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the Share Registrar's Office at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than seventy-two (72) hours before the time for holding the Annual General Meeting.

3. Any member who is a Relevant Intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   A "Relevant Intermediary" is:
   (a) a banking corporation licensed under the Banking Act, Cap. 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore and who holds shares in that capacity; or
   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ENVICTUS INTERNATIONAL HOLDINGS LIMITED
Company Registration No. 200313131Z
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We, ____

of ____

being a member/members of **ENVICTUS INTERNATIONAL HOLDINGS LIMITED** (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held on Thursday, 17 January 2019 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, the proxy/proxies will vote or abstain from voting at his/their discretion. If no person is named in the above boxes, the Chairman of the AGM shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder for me/us and on my/our behalf at the AGM and at any adjournment thereof.

No.	Resolutions	No. of Votes For	No. of Votes Against
1	Adoption of Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 30 September 2018.		
2	Re-election of Dato' Jaya J B Tan as Director.		
3	Re-election of Mr Mah Weng Choong as Director.		
4	Approval of payment of Directors' fees.		
5	Re-appointment of Messrs BDO LLP as auditors and to authorise the Directors to fix their remuneration.		
6	Authority to allot and issue new shares.		
7	Authority to grant options and to allot and issue shares under Envictus Employee Share Option Scheme		

Note:
1. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please insert [x] within the relevant box provided. Alternatively, please indicate the number of Shares as appropriate.
2. Please note that the short descriptions given above of the resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM dated 28 December 2018 for the full purpose and intent of the resolutions to be passed.

Dated this ________day of __________________ 2019

____

Signature(s) of Member(s) or,
Common Seal of Corporate Shareholder

Total Number of Shares held	
CDP Register	
Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289 of Singapore, you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary (as defined below)) is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead at the Annual General Meeting but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Such proxy need not be a member of the Company.

3. Any member who is a Relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting.

   A "Relevant Intermediary" is:

   (a) a banking corporation licensed under the Banking Act, Cap. 19 of Singapore or a wholly-owned subsidiary of such a banking corporation. Whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore and who holds shares in that capacity; or
   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. The instrument appointing a proxy or proxies must be deposited at the Share Registrar's office at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than seventy-two (72) hours before the time appointed for the Annual General Meeting. If a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointment of the proxy should be revoked.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

7. Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

www.envictus-intl.com

ENVICTUS INTERNATIONAL HOLDINGS LIMITED
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