



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

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 30 JUNE 2019

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

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

	Third Quarter Ended			Nine Months Ended		
	30.06.2019	30.06.2018	Change	30.06.2019	30.06.2018	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	116,997	102,811	13.8	345,621	313,022	10.4
Cost of goods sold	(71,701)	(65,766)	9.0	(212,630)	(198,273)	7.2
Gross profit	45,296	37,045	22.3	132,991	114,749	15.9
Other operating income	11,459	8,508	34.7	14,778	13,171	12.2
Operating expenses						
Administrative expenses	(12,180)	(12,512)	(2.7)	(36,793)	(36,377)	1.1
Selling and marketing expenses	(35,739)	(28,599)	25.0	(100,038)	(83,600)	19.7
Warehouse and distribution expenses	(7,177)	(6,563)	9.4	(21,032)	(19,477)	8.0
Research and development expenses	(183)	(256)	(28.5)	(515)	(649)	(20.6)
Other operating expenses	(1,827)	(4,240)	(56.9)	(1,877)	(628)	>100
	(57,106)	(52,170)	9.5	(160,255)	(140,731)	13.9
Loss before interest and tax	(351)	(6,617)	(94.7)	(12,486)	(12,811)	(2.5)
Finance costs	(2,236)	(1,815)	23.2	(5,568)	(4,599)	21.1
Loss before income tax	(2,587)	(8,432)	(69.3)	(18,054)	(17,410)	3.7
Income tax credit/(expense)	196	522	(62.5)	415	(199)	>100
Loss for the period	(2,391)	(7,910)	(69.8)	(17,639)	(17,609)	0.2

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

	Third Quarter Ended			Nine Months Ended		
	30.06.2019	30.06.2018	Change	30.06.2019	30.06.2018	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Loss for the period	(2,391)	(7,910)	(69.8)	(17,639)	(17,609)	0.2
Other comprehensive						
Income:						
<i>Items that may be reclassified subsequently to profit or loss :</i>						
Exchange differences on translating foreign operations	814	3,964	(79.5)	458	(3,592)	>100
Fair value gain on available-for-sale assets	-	(65)	N/A	-	(83)	N/A
Other comprehensive income, net of tax	814	3,899	(79.1)	458	(3,675)	>100
Total comprehensive income for the period	(1,577)	(4,011)	(60.7)	(17,181)	(21,284)	(19.3)
Loss attributable to:						
Owners of the Company	(2,249)	(7,514)	(70.1)	(16,621)	(16,954)	(2.0)
Non-controlling interests	(142)	(396)	(64.1)	(1,018)	(655)	55.4
	(2,391)	(7,910)	(69.8)	(17,639)	(17,609)	(0.2)
Total comprehensive income attributable to:						
Owners of the Company	(1,350)	(3,837)	(64.8)	(15,953)	(21,653)	(26.3)
Non-controlling interests	(227)	(174)	30.5	(1,228)	369	>100
	(1,577)	(4,011)	(60.7)	(17,181)	(21,284)	(19.3)

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

	Third Quarter Ended			Nine Months Ended		
	30.06.2019	30.06.2018	Change	30.06.2019	30.06.2018	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Loss allowance on trade receivables	84	426	(80.3)	611	715	(14.5)
Loss allowance on trade receivables no longer required, now written back	(23)	(37)	(37.8)	(286)	(215)	33.0
Amortisation of intangible assets	177	101	75.2	532	327	62.7
Depreciation of property, plant and equipment	6,481	6,612	(2.0)	18,889	19,542	(3.3)
Depreciation of investment properties	121	125	(3.2)	362	391	(7.4)
Dividend income	-	(4)	N/A	(1)	(149)	(99.3)
Fair value (gain)/loss on held-for-trading investments, net	-	(3)	N/A	-	451	N/A
Fair value loss/(gain) on financial assets at FVTPL	43	-	100	(5)	-	100
Foreign currency exchange loss, net	1,118	4,251	(73.7)	1,017	67	>100
(Gain)/Loss on disposal of held-for-trading investments	-	(47)	N/A	-	1	N/A
Gain on disposal of investment property	-	(2,812)	N/A	-	(2,812)	N/A
Gain on disposal of property, plant and equipment	(77)	(4,773)	(98.4)	(1,493)	(4,778)	(68.8)
Gain on disposal of subsidiaries	(10,237)	-	100	(10,237)	(1,837)	>100
Finance costs	2,236	1,815	23.2	5,568	4,599	21.1
Interest income	(95)	(88)	8.0	(286)	(570)	(49.8)
Inventories written off	-	33	N/A	-	212	N/A
Write back of inventories written off	-	(54)	N/A	-	(54)	N/A
Property, plant and equipment written off	679	113	>100	790	158	>100

1(b) (i) Statements of Financial Position

	As at 30.06.2019 RM'000	Group As at 30.09.2018 RM'000	As at 1.10.2017 RM'000	As at 30.06.2019 RM'000	Company As at 30.09.2018 RM'000	As at 1.10.2017 RM'000
Non-current assets						
Property, plant and equipment	360,997	317,354	256,871	-	-	-
Investment properties	23,002	23,364	27,563	-	-	-
Investments in subsidiaries	-	-	-	272,422	293,429	90,351
Available-for-sale financial assets	-	154	242	-	-	-
Financial assets at fair value through profit or loss (FVTPL)	159	-	-	-	-	-
Deferred tax assets	1,181	1,083	721	-	-	-
Intangible assets	35,736	34,853	32,842	-	-	-
Deposits for purchase of plant and equipment	15,229	4,566	-	-	-	-
	436,304	381,374	318,239	272,422	293,429	90,351
Current assets						
Inventories	40,320	40,523	44,644	-	-	-
Trade and other receivables	59,070	58,823	59,252	139,475	85,397	279,541
Tax recoverable	2,117	1,506	573	93	-	-
Held-for-trading investments	-	-	23,413	-	-	23,413
Fixed deposits	1,177	553	14,225	-	-	-
Cash and bank balances	31,193	35,554	35,664	4,382	5,600	5,175
	133,877	136,959	177,771	143,950	90,997	308,129
Current liabilities						
Trade and other payables	68,330	67,641	47,748	4,290	2,420	1,518
Provision for restoration costs	1,375	1,401	109	-	-	-
Bank borrowings	38,441	46,799	42,807	-	19,182	8,746
Finance lease payables	9,538	9,387	7,316	-	-	-
Current income tax payable	189	234	178	-	158	162
	117,873	125,462	98,158	4,290	21,760	10,426
Net current assets	16,004	11,497	79,613	139,660	69,237	297,703
Non-current liabilities						
Provision for restoration costs	2,193	1,884	1,353	-	-	-
Bank borrowings	110,429	79,562	72,411	-	-	-
Finance lease payables	18,315	21,902	16,538	-	-	-
Financial guarantee contracts	-	-	-	2,952	3,738	3,522
Deferred tax liabilities	5,181	5,181	2,270	-	-	-
Employee benefit liability	78	74	-	-	-	-
	136,196	108,603	92,572	2,952	3,738	3,522
Net assets	316,112	284,268	305,280	409,130	358,928	384,532
Capital and reserves						
Share capital	177,865	127,453	111,406	177,865	127,453	111,406
Treasury shares	(183)	(183)	(183)	(183)	(183)	(183)
Foreign currency translation reserve	24,489	23,821	33,400	44,739	41,250	51,424
Fair value reserve	-	-	(7)	-	-	-
Share options reserve	-	-	9,507	-	-	9,507
Other reserves	(17,208)	(4,562)	(4,562)	-	-	-
Accumulated profits	131,149	147,770	165,294	186,709	190,408	212,378
Equity attributable to the owners of the Company	316,112	294,299	314,855	409,130	358,928	384,532
Non-controlling interests	-	(10,031)	(9,575)	-	-	-
Total equity	316,112	284,268	305,280	409,130	358,928	384,532

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

	Secured	
	As at	As at
	30.06.2019	30.09.2018
	RM'000	RM'000
Amount payable within one year		
Bank borrowings	38,441	46,799
Finance lease payables	9,538	9,387
	<u>47,979</u>	<u>56,186</u>
Amount payable after one year		
Bank borrowings	110,429	79,562
Finance lease payables	18,315	21,902
	<u>128,744</u>	<u>101,464</u>
Total	<u>176,723</u>	<u>157,650</u>

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

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

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

1(c) Consolidated Statement of Cash Flows

	Third Quarter Ended		Nine Months Ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Loss before income tax	(2,587)	(8,432)	(18,054)	(17,410)
Adjustments for:				
Loss on allowance for trade receivables	84	426	611	715
Loss on allowance for trade receivables no longer required, now written back	(23)	(37)	(286)	(215)
Amortisation of intangible assets	177	101	532	327
Depreciation of property, plant and equipment	6,481	6,612	18,889	19,542
Depreciation of investment properties	121	125	362	391
Dividend income	-	(4)	(1)	(149)
Fair value (gain)/loss on held-for-trading investments, net	-	(3)	-	451
Fair value loss/(gain) on financial assets at FVTPL	43	-	(5)	-
Finance costs	2,236	1,815	5,568	4,599
Foreign currency exchange gain, net	879	4,483	50	(660)
Gain on disposal of investment property	-	(2,812)	-	(2,812)
Gain on disposal of property, plant and equipment	(77)	(4,773)	(1,493)	(4,778)
(Gain)/Loss on disposal of held-for-trading investments	-	(47)	-	1
Gain on disposal of subsidiaries	(10,237)	-	(10,237)	(1,837)
Interest income	(95)	(88)	(286)	(570)
Inventories written off	-	33	-	212
Write back of inventories written off	-	(54)	-	(54)
Property, plant and equipment written off	679	113	790	158
Operating loss before working capital changes	(2,319)	(2,542)	(3,560)	(2,089)
Working capital changes:				
Inventories	662	(2,083)	(1,060)	3,022
Trade and other receivables	(2,880)	(1,180)	(3,824)	(8,015)
Trade and other payables	7,546	5,172	13,852	13,106
Cash generated from/(used in) operations	3,009	(633)	5,408	6,024
Interest paid	(294)	(191)	(1,190)	(611)
Income tax paid, net	(392)	(998)	(2,026)	(2,588)
Net cash generated from/(used in) operating activities	2,323	(1,822)	2,192	2,825
Cash flows from investing activities				
Acquisition of a subsidiary, net of cash acquired	-	(4,891)	-	(4,891)
Disposal of subsidiaries, net of cash acquired (Note 1(c)(ii))	18,905	-	18,905	723
Interest received	95	88	286	570
Dividend received	-	4	1	149
Proceeds from disposal of property, plant and equipment	93	996	2,270	1,072
Proceeds from disposal of investment property	-	650	-	650
Proceeds from held-for-trading investments	-	5,186	-	22,446
Purchase of intangible assets	(611)	(2,056)	(1,226)	(2,456)
Purchase of property, plant and equipment	(35,559)	(6,937)	(87,468)	(30,122)
Net changes in fixed deposits pledged to banks	-	(3)	-	(7)
Net cash used in investing activities	(17,077)	(6,963)	(67,232)	(11,866)

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

	Third Quarter Ended		Nine Months Ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Proceeds from Rights Issue	-	-	51,290	-
Transaction costs in respect of the Rights Issue	-	-	(878)	-
Interest paid	(1,942)	(1,624)	(4,378)	(3,988)
Repayment of finance lease obligations	(2,468)	(2,474)	(7,311)	(6,569)
Drawdown of bank borrowings	41,007	12,696	88,233	50,570
Repayment of bank borrowings	(19,620)	(14,755)	(46,542)	(61,755)
Net changes in fixed deposits pledged to bank	(2)	-	(621)	-
Net cash generated from/(used in) financing activities	16,975	(6,157)	79,793	(21,742)
Net change in cash and cash equivalents	2,221	(14,942)	14,753	(30,783)
Cash and cash equivalents at the beginning of the financial period	28,933	32,518	16,372	48,872
Effect of exchange rate changes	39	78	68	(435)
Cash and cash equivalents at the end of the financial period	31,193	17,654	31,193	17,654
Cash and cash equivalents comprise the following:				
Cash and bank balances	31,193	38,152	31,193	38,152
Bank overdrafts	-	(20,498)	-	(20,498)
	31,193	17,654	31,193	17,654

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

	← Non-cash changes →			
	Additions of		Foreign currency exchange	30.06.2019
	30.09.2018	Cash flows	property, plant and equipment	
	RM'000	RM'000	RM'000	RM'000
Finance lease payables	31,289	(7,311)	3,868	27,853
Bank borrowings	107,179	41,691	-	148,870
	138,468	34,380	3,868	176,723

1(c)(ii) Disposal of a subsidiary

On 31 May 2019, the Group disposed of its entire interest in Envictus Dairies NZ Limited for cash consideration of NZD7,000,000 (equivalent to approximately RM19,120,000).

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

	Carrying amount RM'000
Property, plant and equipment	11,484
Deferred tax assets	68
Inventories	1,317
Trade and other receivables	1,857
Tax recoverable	1,390
Cash and bank balances	215
Trade and other payables	(2,998)
Amount due to shareholder	<u>(1,050)</u>
Net assets derecognized	12,283
Less: Non-controlling interests	<u>(3,400)</u>
Net assets disposed of	<u>8,883</u>

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

Net identifiable assets disposed (as above)	8,883
Gain on disposal	<u>10,237</u>
Cash proceeds from disposal	19,120
Cash and cash equivalents disposed	<u>(215)</u>
Net cash inflow on disposal	<u>18,905</u>

1(d) (i) Statements of Changes in Equity for the Nine Months ended 30 June 2019 and 30 June 2018

Group	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Share options reserve	Other reserves	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 September 2018	127,453	(183)	23,821	(95)	-	(4,562)	148,393	294,827	(10,031)	284,796
Effect of adoption of SFRS(I) 9 (Note 5)	-	-	-	95	-	-	(623)	(528)	-	(528)
At 1 October 2018	127,453	(183)	23,821	-	-	(4,562)	147,770	294,299	(10,031)	284,268
Loss for the financial period	-	-	-	-	-	-	(16,621)	(16,621)	(1,018)	(17,639)
Other comprehensive Income:										
Exchange differences on translating foreign operations	-	-	668	-	-	-	-	668	(210)	458
Total comprehensive income for the financial period	-	-	668	-	-	-	(16,621)	(15,953)	(1,228)	(17,181)
Contributions by owners:										
Issuance of shares under the Rights Issue	51,290	-	-	-	-	-	-	51,290	-	51,290
Transaction costs in respect of the Rights Issue	(878)	-	-	-	-	-	-	(878)	-	(878)
Changes in ownership interests in a subsidiary:										
Subscription of additional shares in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	-	1,504	1,504
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(3,400)	(3,400)
Waiver of debts pursuant to the disposal of a subsidiary	-	-	-	-	-	(12,646)	-	(12,646)	13,155	509
At 30 June 2019	177,865	(183)	24,489	-	-	(17,208)	131,149	316,112	-	316,112
At 1 October 2017	111,406	(183)	33,400	(7)	9,507	(4,562)	165,294	314,855	(9,575)	305,280
Loss for the financial period	-	-	-	-	-	-	(16,954)	(16,954)	(655)	(17,609)
Other comprehensive Income:										
Exchange differences on translating foreign operations	-	-	(4,616)	-	-	-	-	(4,616)	1,024	(3,592)
Available-for-sale financial assets	-	-	-	(83)	-	-	-	(83)	-	(83)
Total other comprehensive income	-	-	(4,616)	(83)	-	-	-	(4,699)	1,024	(3,675)
Total comprehensive income for the financial period	-	-	(4,616)	(83)	-	-	(16,954)	(21,653)	369	(21,284)
Contribution by owners:										
Acquisition of a subsidiary	19,000	-	-	-	-	-	-	19,000	-	19,000
Other:										
Share options lapsed	-	-	-	-	(9,507)	-	9,507	-	-	-
At 30 June 2018	130,406	(183)	28,784	(90)	-	(4,562)	157,847	312,202	(9,206)	302,996

1(d) (i) Statements of Changes in Equity for the Third Quarter ended 30 June 2019 and 30 June 2018 (continued)

Group	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Share options reserve	Other reserves	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 March 2019	177,865	(183)	23,590	-	-	(4,562)	133,398	330,108	(11,032)	319,076
Loss for the financial period	-	-	-	-	-	-	(2,249)	(2,249)	(142)	(2,391)
Other comprehensive Income:										
Exchange differences on translating foreign operations	-	-	899	-	-	-	-	899	(85)	814
Total comprehensive income for the financial period	-	-	899	-	-	-	(2,249)	(1,350)	(227)	(1,577)
Changes in ownership interests in a subsidiary:										
Subscription of additional shares in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	-	1,504	1,504
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(3,400)	(3,400)
Waiver of debts pursuant to the disposal of a subsidiary	-	-	-	-	-	(12,646)	-	(12,646)	13,155	509
At 30 June 2019	177,865	(183)	24,489	-	-	(17,208)	131,149	316,112	-	316,112
At 31 March 2018	111,406	(183)	25,042	(25)	9,507	(4,562)	155,854	297,039	(9,032)	288,007
Loss for the financial period	-	-	-	-	-	-	(7,514)	(7,514)	(396)	(7,910)
Other comprehensive Income:										
Exchange differences on translating foreign operations	-	-	3,742	-	-	-	-	3,742	222	3,964
Available-for-sale financial assets	-	-	-	(65)	-	-	-	(65)	-	(65)
Total other comprehensive income	-	-	3,742	(65)	-	-	-	3,677	222	3,899
Total comprehensive income for the financial period	-	-	3,742	(65)	-	-	(7,514)	(3,837)	(174)	(4,011)
Contribution by owners:										
Acquisition of a subsidiary	19,000	-	-	-	-	-	-	19,000	-	19,000
Other:										
Share options lapsed	-	-	-	-	(9,507)	-	9,507	-	-	-
At 30 June 2018	130,406	(183)	28,784	(90)	-	(4,562)	157,847	312,202	(9,206)	302,996

1(d) (i) Statements of Changes in Equity for the Nine Months ended 30 June 2019 and 30 June 2018 (continued)

Company	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
At 1 October 2018	127,453	(183)	41,250	-	190,408	358,928
Loss for the financial period	-	-	-	-	(3,699)	(3,699)
Other comprehensive income:						
Exchange differences on translation	-	-	3,489	-	-	3,489
Total comprehensive income for the financial period	-	-	3,489	-	(3,699)	(210)
Contributions by owners:						
Issuance of shares under the Rights Issue	51,290	-	-	-	-	51,290
Transaction costs in respect of the Rights Issue	(878)	-	-	-	-	(878)
At 30 June 2019	177,865	(183)	44,739	-	186,709	409,130
At 1 October 2017	111,406	(183)	51,424	9,507	212,378	384,532
Profit for the financial period	-	-	-	-	9,199	9,199
Other comprehensive income:						
Exchange differences on translation	-	-	(19,552)	-	-	(19,552)
Total comprehensive income for the financial period	-	-	(19,552)	-	9,199	(10,353)
Contribution by owners:						
Acquisition of a subsidiary	19,000	-	-	-	-	19,000
Other:						
Share options lapsed	-	-	-	(9,507)	9,507	-
At 30 June 2018	130,406	(183)	31,872	-	231,084	393,179

1(d)(i) Statements of Changes in Equity for the Third Quarter ended 30 June 2019 and 30 June 2018 (continued)

Company	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
At 31 March 2019	177,865	(183)	38,733	-	189,942	406,357
Loss for the financial period	-	-	-	-	(3,233)	(3,233)
Other comprehensive income:						
Exchange differences on translation	-	-	6,006	-	-	6,006
Total comprehensive income for the financial period	-	-	6,006	-	(3,233)	2,773
At 30 June 2019	177,865	(183)	44,739	-	186,709	409,130
At 31 March 2018	111,406	(183)	30,977	9,507	222,268	373,975
Loss for the financial period	-	-	-	-	(691)	(691)
Other comprehensive income:						
Exchange differences on translation	-	-	895	-	-	895
Total comprehensive income for the financial period	-	-	895	-	(691)	204
Contribution by owners:						
Acquisition of a subsidiary	19,000	-	-	-	-	19,000
Other:						
Share options lapsed	-	-	-	(9,507)	9,507	-
At 30 June 2018	130,406	(183)	31,872	-	231,084	393,179

- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

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

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

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

Share Capital	Number of shares	COMPANY	
		S\$'000	RM'000
Issued and fully paid-up ordinary shares			
At 30 September 2017	126,385,289	46,526	111,406
Issue of share capital	15,775,210	6,173	19,000
At 30 June 2018	142,160,499	52,699	130,406

Pursuant to the Share Sale Agreement entered between Khor Sin Kok and Khor Guat Bee (as Vendors) and Polygold Holdings Sdn Bhd, a wholly owned subsidiary of the Company (as Purchaser) dated 15 November 2017, the Company had issued 15,775,210 new ordinary shares with an issue price of S\$0.3913 each to the Vendor, Mr. Khor Sin Kok, as part of the consideration for the acquisition of Motivage Sdn Bhd on 11 June 2018. The newly issued shares rank pari passu in all respect with the previously issued shares.

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

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

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

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

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

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

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

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

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

The figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in paragraph below and Note 5, the financial statements has been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently audited annual financial statements for the financial year ended 30 September 2018.

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

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

Adoption of SFRS(I) 9

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

Trade Receivables

On the initial adoption of SFRS(I) 9 on 1 October 2018, the loss allowance on trade receivables as at 1 October 2018 increased by RM528,000, which was adjusted against accumulated profits.

Available-for-sale financial assets

The Group has elected to measure the available-for-sale financial assets at fair value through profit or loss which were previously measured at fair value through the other comprehensive income. As a result, fair value adjustment reserve of RM95,000 related to those investments that were previously presented under the fair value adjustment reserve were transferred to accumulated profits as at 1 October 2018.

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

	Group 30.9.2018 RM'000
Financial asset	
Trade receivables	(528)
Equity	
Fair value reserve	95
Accumulated profits	(623)

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

	Third Quarter Ended		Nine Months Ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Net loss attributable to owners of the Company for the financial period (RM '000)	(2,249)	(7,514)	(16,621)	(16,954)
Weighted average number of ordinary shares	203,883,210	141,918,499	203,883,210	141,918,499
Loss per share (RM sen)	(1.10)	(5.29)	(8.15)	(11.95)

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

	Group		Company	
	As at 30.06.2019 RM	As at 30.09.2018 RM	As at 30.06.2019 RM	As at 30.09.2018 RM
Net asset value per ordinary share based on issued share capital at the end of the financial period/year	1.28	2.07	1.66	2.53

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cashflow, working capital, assets or liabilities of the group during the current financial period.

Business Segments

The Group's core business segments are as follows:

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

Performance Review

Review on Consolidated Statement of Comprehensive Income

Third Quarter Ended 30 June 2019

For the quarter under review, the Group registered 13.8% or RM14.2 million increase in revenue to RM117.0 million from RM102.8 million in the previous corresponding quarter. The growth in revenue was propelled by strong performance of Food Services and Dairies Divisions. However, these were partially offset by the decline in revenue from the Food Processing, Nutrition and Trading and Frozen Food Divisions.

The Food Services Division posted a 35.6% or RM14.5 million jump in revenue to RM55.2 million from RM40.7 million on the back of higher contribution from Texas Chicken restaurants and San Francisco Coffee chain. Texas Chicken Malaysia recorded a revenue growth of RM10.6 million or 32.9% from RM32.2 million to RM42.8 million contributed by additional seven new stores as well as existing store sales growth due to promotional deals and riding on its increasing brand awareness. San Francisco Coffee added another thirteen stores to its chain resulting in the increase of revenue from RM6.5 million to RM8.3 million, representing an increase of RM1.8 million or 27.7%. In addition, Texas Chicken Indonesia has opened six new stores in Jakarta which contributed a revenue of RM2.1 million to the Division.

The number of stores of each business are as follows:

	Q3FY2019	Q3FY2018
Texas Chicken		
- Malaysia	54	47
- Indonesia	6	-
San Francisco Coffee	53	40
Delicious restaurants	3	3

The Dairies Division which commenced business in January 2018 recorded a topline growth of RM2.7 million or 37.0% to RM10.0 million from RM7.3 million.

The Trading and Frozen Food Division's revenue fell marginally by RM0.5 million or 1.3% to RM38.0 million, from RM38.5 million in the same quarter last year. This was due to weak consumer sentiment in the hotel, restaurant and retail sectors.

The Food Processing Division's revenue was down by RM1.3 million or 12.5% to RM9.1 million from RM10.4 million. The contract packing for dairy and juice based drinks business' revenue contracted by 50.0% from RM5.0 million to RM2.5 million mainly attributed to lower demand from its existing customers and the disposal of the business on 31 May 2019. In addition, the cessation of beverages business in Q4FY2018 resulted in the reduction of RM1.4 million in revenue. These decreases were partially mitigated by the improved performance of the frozen bakery business with revenue growth of RM1.9 million or 38.8%, from RM4.9 million to RM6.8 million driven by the growing number of local and overseas customers.

The Nutrition Division continued to record a decline revenue of RM1.2 million or 20.3% from RM5.9 million to RM4.7 million. The weaker performance was due to slowdown in demand and affected by more competitively priced US, Australian and New Zealand brands as well as aggressive competitor promotional programmes which have resulted in the Division losing market share.

Gross profit margin improved from 36.0% to 38.7% quarter-on-quarter driven by higher sales contribution from the Food Services Division which derives better margin from its products.

Other operating income of RM11.5 million consist mainly the one-off gain from disposal of a subsidiary of RM10.2 million and recurring rental income from corporate building of RM0.4 million. In the previous corresponding period, RM8.5 million was derived mainly from gain on disposal of properties of RM7.6 million.

Overall, operating expenses rose to RM57.1 million from RM52.2 million, an increase of RM4.9 million or 9.5% mainly attributable to the higher selling and marketing expenses in tandem with the expansion of Texas Chicken restaurants and San Francisco Coffee chains. However, these increases were partially offset by the savings in selling and marketing expenses from the disposed contract packing for dairy and juice based drinks business and lower sales from the Nutrition Division. Other operating expenses were reduced by RM2.4 million largely due to lower foreign currency loss.

Finance costs increased by RM0.4 million or 23.2%, from RM1.8 million to RM2.2 million due mainly to higher bank borrowings to finance the new warehouse and setting up the new stores.

Income tax credit was lower at RM0.2 million as compared to RM0.5 million in the previous corresponding quarter due mainly to lesser tax losses recognised as deferred tax assets.

The Group posted a loss after tax of RM2.4 million as compared to RM7.9 million in the preceding corresponding period.

Nine Months Ended 30 June 2019

For the nine months period under review, the Group continues to register a higher revenue of RM345.6 million compared with RM313.0 million in the previous corresponding period, an increase of RM32.6 million or 10.4%. This was mainly driven by the better performance from the Food Services Division which recorded an increase in revenue of RM33.9 million and higher revenue contribution from new Dairies Division of RM16.3 million. These increases have partially negated by lower sales from the Food Processing, Nutrition, Trading and Frozen Food Divisions of RM12.1 million, RM4.4 million and RM1.2 million, respectively.

Gross profit margin improved from 36.7% to 38.5% was mainly attributable to higher sales contribution from the Food Services Division which derives better margin from its products.

Other operating income of RM14.8 million consist mainly the one-off gain from disposal of a subsidiary of RM10.2 million, gain on disposal of property, plant and equipment of RM1.5 million and recurring rental income from corporate building of RM1.2 million. In the previous corresponding period, RM13.2 million comprises mainly the gain on disposal of properties of RM7.6 million, gain on disposal of subsidiaries of RM1.8 million and rental income from corporate building of RM1.2 million

Overall, operating expenses rose to RM160.3 million from RM140.7 million, an increase of RM19.6 million or 13.9% mainly attributable to the higher selling and marketing expenses in tandem with the expansion of Texas Chicken restaurants and San Francisco Coffee stores and inclusion of operating costs from the Dairies Division. These increases were partially offset by the savings in selling and marketing expenses from the disposed fresh bakery and contract packing for dairy and juice based drinks businesses, divested beverages business and lower sales from the Nutrition Division. Other operating expenses were increased by RM1.2 million largely due to higher foreign currency loss.

Finance costs up by RM1.0 million or 21.1%, from RM4.6 million to RM5.6 million due mainly to higher bank borrowings to finance the new warehouse and setting up the new stores.

Income tax credit of RM0.4 million compared to income tax expense of RM0.2 million in the previous corresponding period was mainly attributable to tax losses recognised as deferred tax assets and lower profit generated by certain subsidiaries.

The Group recorded an unaudited net loss after income tax of RM17.6 million for the period ended 30 June 2019 and 30 June 2018.

Review on Statements of Financial Position

Non-current assets increased by RM54.9 million from RM381.4 million to RM436.3 million due mainly to the construction of new factories in Pulau Indah and setting-up costs for new stores.

Current assets decreased by RM3.1 million was mainly due to reduction in cash and bank balances of RM4.4 million which was largely utilised for construction of new factories in Pulau Indah and setting-up costs for new stores.

Current liabilities reduced by RM7.6 million mainly due to settlement of bank overdraft by utilising the proceeds from rights issue.

The Group's non-current liabilities increased by RM27.6 million was primarily attributed to higher bank borrowings of RM30.9 million to finance the construction of new factories and setting-up new stores. This was partially offset by the settlement of finance lease liabilities of RM3.6 million.

Review on Consolidated Statement of Cash Flows

Third Quarter Ended 30 June 2019

The Group recorded a net increase in cash and cash equivalents of RM2.2 million for the current quarter ended 30 June 2019.

Net cash generated from operating activities amounted to RM2.3 million was attributable to the increase in trade and other payables of RM7.5 million and reduction in inventories of RM0.7 million. These were partially offset by the operating loss of RM2.3 million, increase in trade and other receivables of RM2.9 million and payment for interest and income tax of RM0.7 million.

Net cash used in investing activities of RM17.1 million was largely due to the purchase of property, plant and equipment of RM35.6 million which is offset by the net proceeds from the disposal of a subsidiary of RM18.9 million.

Net cash generated from financing activities of RM17.0 million was mainly from the additional borrowings of RM41.0 million which was utilised to repay bank borrowings, working capital and expansion of existing businesses.

Nine Months Ended 30 June 2019

The Group registered a net increase in cash and cash equivalents of RM14.8 million for the current financial period ended 30 June 2019.

Net cash generated from operating activities amounted to RM2.2 million was attributable to the increase in trade and other payables of RM13.9 million, which was partially offset by the operating loss of RM3.6 million, increase in trade and other receivables of RM3.8 million, increase in inventories of RM1.1 million and payment for interest and income tax of RM3.2 million.

Net cash used in investing activities of RM67.3 million was largely due to the purchase of property, plant and equipment of RM87.5 million which is offset by the net proceeds from the disposal of a subsidiary of RM18.9 million and proceeds from the disposal of property, plant and equipment of RM2.3 million.

Net cash generated from financing activities of RM79.8 million was largely from the net proceeds raised from the rights issue of RM50.4 million and drawdown of bank borrowings of RM88.2 million which were utilised to repay bank borrowings, working capital and expansion of existing businesses.

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

Not applicable.

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

a) Food Services Division

Food and beverage businesses are competitive with some operators increasing the food menu prices but offering various discounts and best deals through various advertising platforms. To stay competitive in the market, Texas Chicken has revised its food menu with price adjustment to attract more customers.

Although price of poultry has increased slightly, Texas Chicken is able to obtain some discounts from suppliers for its limited time offer campaign, rebates on higher order quantity and cost reduction on some fresh produce items.

General real estate market sentiment appeared to be slow and cautious. Nevertheless, Texas Chicken has received many new site proposals from shopping malls, street shops and drive-through restaurant at petrol stations. This has given an opportunity for Texas Chicken to secure better sites with better deal in rental, riding on its brand awareness.

Texas Chicken's store count reached 55 following the latest store opening at Queensbay Mall, Penang in July 2019. It is expected to open another four new stores in the next quarter.

For San Francisco Coffee ("SF"), prices of imported green bean was higher due to weakening of Malaysian Ringgit against US Dollar. This has been partially negated by cost savings from other raw materials. SF faces stiff competition from some other well-known coffee chains which offered more competitive pricing and attractive promotion deals. To be more competitive, SF is targeting to streamline its food and drink menu by next quarter in conjunction with the launch of SF's mobile application. This is to offer more competitive pricing, ensure efficient food preparation process with minimum wastages and improve sales of best seller items.

SF has total 54 stores to-date following the opening of latest store at Central i-City in July 2019. The opening of its first standalone store at Caltex petronas station, Kuala Lumpur is expected in the next quarter pending approval of drawing plan from the local authority.

Delicious restaurant business is facing more competition due to new malls opening which attracted many new food service operators. To remain competitive, Delicious has refreshed its food and beverages menu with its own signature dishes together with price adjustment to gain more competitive pricing and market share.

b) Trading and Frozen Food Division

Price of imported products has increased due to weakening of the Malaysian Ringgit against the US Dollar. The Division has planned to increase the prices of these imported products to mitigate the higher costs.

Supply of lamb and mutton from Australia and New Zealand are facing difficulty to source due to winter period resulting in the increase of the prices. However, the Division has forward purchases that provide sufficient stock to meet the current demand. The supply of cheese and butter have not improved due to the likely continuation of unfavorable seasonal conditions in most dairy regions. These prolonged dry conditions with lower milk solids will impact product availability resulting in the lift in dairy commodity prices.

c) Food Processing Division

(i) Bakery

The prices of main ingredients such as flour and eggs remain on an upward trend. To mitigate the increase in costs, Deluxe has taken measures to improve the operational efficiency and productivity, and planned to increase price by next quarter.

Hearty Bake brand is now getting known to the local market for its quality product with reasonable pricing. To further expand the market to hotel sector, more sales personnel are recruited including forming dedicated team to ensure quality service is maintained at all the time.

Deluxe is currently negotiating with a couple of Chinese distributors in order to grow the China market rapidly. Deluxe has supplied its first shipment to Philippines and pending for test baking with customer. It has also been researching, planning and getting equipped for new market penetration in overseas market. Deluxe has planned to relocate its factory to Pulau Indah with bigger facilities by end of September 2019 to cater for bigger demand.

(ii) Butchery

Top line of Gourmessa has slightly dropped due to lesser orders from hotels, restaurants and supermarket resulting from poor market sentiment. It was also affected by the delay in relocation of its plant to Pulau Indah due to pending approval from various local authorities. It is expected to move to the new plant by next quarter.

d) Nutrition Division

Dairy ingredients in the form of milk powders and highly specialized whey proteins form a significant component of the division's costs. Most of these products are contract manufactured in Australia where an open book costing agreement is in place. Year on year milk powder prices have trended upwards. Prices are expected to continue to trend up in the coming months due to slower growth in global milk production in key regions, e.g New Zealand ("NZ").

Major revenue comes from the NZ Grocery channel which is dominated by two key customer groups; Foodstuffs and Progressive. This puts pressure on the profitability of this channel as a result of increasing margin expectations from retailers' year on year. The revenue from the traditional supplement channel represents a significant decline from the scale of prior years due to the consistent downward pressure on retail prices, driven by imported product and increasing retailer

margin pressure. The division's recent restructure reduced overheads across this channel, thereby improving profitability.

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

e) Dairies Division

The price for sweetened creamer ("SC") and evaporated creamer ("EC") are stable for the past three months and foresee to be steady for the next quarter. Factories for SC were granted with sugar approved permit have started to enjoy the lower price.

Dairies is facing more competition as the competitors are reducing prices from the benefit of lower sugar price available to manufacturer, for which Dairies is not able to benefit from it. Dairies continues to source for better pricing by looking for additional suppliers with the right pricing and partnership.

11 If a decision regarding dividend has been made:-

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

No.

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

Not applicable.

(ii) Previous corresponding period (RM sen)

Not applicable.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

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

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

Not applicable as no IPT mandate has been obtained.

14 Utilisation of proceeds from Rights cum Warrants Issue.

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

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

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

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

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

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

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

We, Dato' Jaya J B Tan and Dato' Kamal Y P Tan, being two directors of the Company, do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the third quarter ended 30 June 2019 to be false or misleading in any material respect. A statement signed by us is on record.

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

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

By Order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

KHOR SIN KOK
Group Chief Executive Officer

13 August 2019