ENVICTUS INTERNATIONAL HOLDINGS LIMITED

(Company Registration No. 200313131Z)

Condensed Interim Financial Statements
For the Six Months and Full Year Ended 30 September 2022

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The Group	Note	6 Months Ended 30.09.2022 RM'000	6 Months Ended 30.09.2021 RM'000	Change %	12 Months Ended 30.09.2022 RM'000	12 Months Ended 30.09.2021 RM'000	Change %
Revenue	4	276,917	186,556	48.4	515,582	382,122	34.9
Cost of sales		(174,664)	(112,151)	55.7	(323,425)	(230,250)	40.5
Gross profit		102,253	74,405	37.4	192,157	151,872	26.5
Other income		19,586	12,971	51.0	31,014	15,791	96.4
Operating expenses							
Administrative expenses		(17,709)	(17,719)	(0.1)	(36,200)	(35,329)	2.5
Selling and marketing expenses		(75,749)	(66,145)	14.5	(142,532)	(129,686)	9.9
Warehouse and distribution expenses		(10,953)	(10,494)	4.4	(20,796)	(20,782)	0.1
Research and development expenses		(780)	(576)	35.4	(1,492)	(1,165)	28.1
Other operating expenses		(3,787)	(4,576)	(17.2)	(5,582)	(6,927)	(19.4)
		(108,978)	(99,510)	9.5	(206,602)	(193,889)	6.6
Profit/(Loss) before interest and income tax		12,861	(12,134)	>100	16,569	(26,226)	>100
Finance costs		(8,987)	(11,203)	(19.8)	(20,250)	(21,120)	(4.1)
Profit/(Loss) before income tax	5	3,874	(23,337)	>100	(3,681)	(47,346)	92.2
Income tax expense	7	(1,115)	(505)	>100	(2,706)	(1,055)	>100
Profit/(Loss) for the financial period/year		**2,759**	**(23,842)**	**>100**	**(6,387)**	**(48,401)**	**86.8**

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	6 Months Ended			12 Months Ended		
	30.09.2022 RM'000	30.09.2021 RM'000	Change %	30.09.2022 RM'000	30.09.2021 RM'000	Change %
Profit/(Loss) for the financial period/year	**2,759**	**(23,842)**	**>100**	**(6,387)**	**(48,401)**	**86.8**
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations	2,128	(632)	>100	3,031	1,236	>100
Items that will not be reclassified subsequently to profit or loss						
Net fair value gain/(loss) on financial assets at FVOCI	548	(222)	>100	533	(212)	>100
Other comprehensive income for the financial period/year, net of tax	2,676	(854)	>100	3,564	1,024	>100
Total comprehensive income	**5,435**	**(24,696)**	**>100**	**(2,823)**	**(47,377)**	**94.0**
Profit/(Loss) attributable to:						
Owners of the Company	**2,759**	**(23,842)**	**>100**	**(6,387)**	**(48,401)**	**86.8**
Total comprehensive income attributable to:						
Owners of the Company	**5,435**	**(24,696)**	**>100**	**(2,823)**	**(47,377)**	**94.0**
Earnings/(Loss) per share attributable to the owners of the Company (RM sen):						
Basic and diluted (Note 8)	**1.12**	**(9.65)**	**>100**	**(2.58)**	**(19.59)**	**86.8**

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group As at 30.9.2022 RM'000	Group As at 30.9.2021 RM'000	Company As at 30.9.2022 RM'000	Company As at 30.9.2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment*	11	392,114	420,416	-	-
Investment property	12	19,992	20,441	-	-
Investments in subsidiaries		-	-	326,737	217,785
Financial assets at fair value through other comprehensive income ("FVOCI")	13	9,862	8,946	9,597	8,631
Deferred tax assets		308	308	-	-
Intangible assets	14	26,353	23,845	-	-
Total non-current assets		**448,629**	**473,956**	**336,334**	**226,416**
Current assets					
Inventories		49,603	40,474	-	-
Trade and other receivables		72,087	41,734	43,378	147,831
Cash and bank balances		16,760	17,265	1,259	341
		138,450	**99,473**	**44,637**	**148,172**
Assets classified as held for sale	15	-	83,942	-	-
Total current assets		**138,450**	**183,415**	**44,637**	**148,172**
Total assets		**587,079**	**657,371**	**380,971**	**374,588**
LIABILITIES					
Current liabilities					
Trade and other payables		90,296	88,481	23,341	19,710
Amount due to directors		13,846	9,718	13,846	9,718
Bank borrowings	16	84,946	131,846	-	-
Lease liabilities		23,075	25,096	-	-
Current income tax payable		166	52	-	-
Total current liabilities		**212,329**	**255,193**	**37,187**	**29,428**
Non-current liabilities					
Bank borrowings	16	101,816	126,556	-	-
Lease liabilities		106,116	106,252	-	-
Provision for restoration costs		4,544	3,900	-	-
Financial guarantee contracts		-	-	-	1,425
Deferred tax liabilities		3,542	3,915	-	-
Total non-current liabilities		**216,018**	**240,623**	**-**	**1,425**
Total liabilities		**428,347**	**495,816**	**37,187**	**30,853**
NET ASSETS		**158,732**	**161,555**	**343,784**	**343,735**
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	17	177,865	177,865	177,865	177,865
Treasury shares	17	(183)	(183)	(183)	(183)
Accumulated (losses)/profits		(25,730)	(19,239)	126,442	143,314
Foreign currency translation reserve		33,497	29,324	63,999	46,623
Fair value reserve		(24,323)	(23,818)	(24,339)	(23,884)
Other reserve		(2,394)	(2,394)	-	-
Total equity		**158,732**	**161,555**	**343,784**	**343,735**

** Includes right-of-use assets*

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Other reserves RM'000	Accumulated profits/ (losses) RM'000	Total equity RM'000
At 1 October 2021	177,865	(183)	29,324	(23,818)	(2,394)	(19,239)	161,555
Loss for the financial year	-	-	-	-	-	(6,387)	(6,387)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	4,173	(1,142)	-	-	3,031
Net fair value gain on financial assets at FVOCI	-	-	-	533	-	-	533
Total other comprehensive income	-	-	4,173	(609)	-	-	3,564
Total comprehensive income	-	-	4,173	(609)	-	(6,387)	(2,823)
Reclassification due to disposal of financial assets at FVOCI	-	-	-	104	-	(104)	-
At 30 September 2022	177,865	(183)	33,497	(24,323)	(2,394)	(25,730)	158,732
At 1 October 2020	177,865	(183)	27,763	(23,281)	(2,394)	29,162	208,932
Loss for the financial year	-	-	-	-	-	(48,401)	(48,401)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	1,561	(325)	-	-	1,236
Net fair value loss on financial assets at FVOCI	-	-	-	(212)	-	-	(212)
Total other comprehensive income	-	-	1,561	(537)	-	-	1,024
Total comprehensive income	-	-	1,561	(537)	-	(48,401)	(47,377)
At 30 September 2021	177,865	(183)	29,324	(23,818)	(2,394)	(19,239)	161,555

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

The Company	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Accumulated profits RM'000	Total equity RM'000
At 1 October 2021	177,865	(183)	46,623	(23,884)	143,314	343,735
Loss for the financial year	-	-	-	-	(16,768)	(16,768)
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	17,376	(1,142)	-	16,234
Net fair value loss on financial assets at FVOCI	-	-	-	583	-	583
Total other comprehensive income	-	-	17,376	(559)	-	16,817
Total comprehensive income	-	-	17,376	(559)	(16,768)	49
Reclassification due to disposal of financial assets at FVOCI	-	-	-	104	(104)	-
At 30 September 2022	177,865	(183)	63,999	(24,339)	126,442	343,784
At 1 October 2020	177,865	(183)	41,615	(23,344)	142,165	338,118
Profit for the financial year	-	-	-	-	1,149	1,149
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	5,008	(325)	-	4,683
Net fair value loss on financial assets at FVOCI	-	-	-	(215)	-	(215)
Total other comprehensive income	-	-	5,008	(540)	-	4,468
Total comprehensive income	-	-	5,008	(540)	1,149	5,617
At 30 September 2021	177,865	(183)	46,623	(23,884)	143,314	343,735

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	
	12 months ended 30.9.2022 RM'000	**12 months ended 30.9.2021 RM'000**
Operating activities		
Loss before income tax	(3,681)	(47,346)
Adjustments for:		
(Write back of)/Loss allowance on receivables, net	(746)	360
Amortisation of intangible assets	531	465
Depreciation of property, plant and equipment	44,409	50,338
Depreciation of investment property	449	451
Finance costs	20,250	21,120
Foreign currency exchange loss, net	2,641	1,086
(Gain)/Loss on disposal of property, plant and equipment, net	(260)	317
Gain on disposal of assets classified as held for sale	(16,560)	-
Impairment of property, plant and equipment and deposit for purchase of property, plant and equipment	-	3,448
Impairment of intangible assets	-	205
Interest income	(123)	(89)
Property, plant and equipment written off	1,822	2,615
Rent concession	(2,665)	(5,246)
Reversal of impairment of property, plant and equipment	(80)	(8,240)
Operating profit before working capital changes	**45,987**	**19,484**
Working capital changes:		
Inventories	(9,129)	2,056
Trade and other receivables	(19,401)	3,004
Trade and other payables	(7,833)	12,257
Cash generated from operations	9,624	36,801
Interest paid	(1,260)	(897)
Income tax paid, net	(2,097)	(1,665)
Net cash generated from operating activities	**6,267**	**34,239**
Investing activities		
Interest received	123	89
Deposit from disposal of assets classified as held for sale	-	840
Net proceeds from disposal of assets classified as held for sale	108,810	-
Proceeds from disposal of property, plant and equipment	643	1,426
Purchase of intangible assets	(3,062)	(274)
Purchase of property, plant and equipment	(9,388)	(23,832)
Net cash generated from/(used in) investing activities	**97,126**	**(21,751)**

D. CONDENSED INTERIM CONSOLIDATED STATEMENT CASH FLOWS (CONTINUED)

	The Group	
	12 months ended 30.9.2022 RM'000	**12 months ended 30.09.2021 RM'000**
Financing activities		
Interest paid	(18,793)	(20,622)
Advances from directors	4,128	9,718
Advances from third party	4,642	-
Repayment of lease obligations	(22,266)	(20,097)
Drawdown of bank borrowings	87,614	73,951
Repayment of bank borrowings	(160,204)	(63,143)
Net cash used in financing activities	**(104,879)**	**(20,193)**
Net change in cash and cash equivalents	**(1,486)**	**(7,705)**
Cash and cash equivalents at the beginning of the financial year	16,373	24,064
Effect of exchange rate changes	31	14
Cash and cash equivalents at the end of the financial year	**14,918**	**16,373**
Cash and cash equivalents comprise the following:		
Cash and bank balances	16,760	17,265
Less: Pledged fixed deposits	(615)	(615)
Less: Bank overdrafts	(1,227)	(277)
	14,918	**16,373**

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Envictus International Holdings Limited (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the 12 months ended 30 September 2022 comprise the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are investment holding company and providing management services to its subsidiaries.

The principal activities of the Group are:
a) Operating of fast food restaurant and specialty coffee chains;
b) Wholesalers of foodstuff and frozen food;
c) Manufacturing of bakery and butchery products; and
d) Manufacturing and distribution of condensed and evaporated milk.

2. Basis of preparation

The condensed interim financial statements for the six months and full financial year ended 30 September 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 September 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Ringgit Malaysia ("RM") which is the functional currency and the presentation currency of the significant components in Malaysia and all values presented are rounded to the nearest thousand ("RM'000") as indicated.

The preparation of condensed financial statements in compliance with SFRS(I) 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.

<u>Going concern assumption</u>

The Group recorded a net loss of RM6.4 million for the financial year ended 30 September 2022. The Group's net current liabilities and capital commitment contracted but not provided for as at 30 September 2022 were RM73.9 million and RM44.5 million, respectively.

The Directors of the Company are of the opinion that no material uncertainty exists and the going concern basis is appropriate in the preparation of the financial statements based on the following:

a) The Directors of the Company have carried out a detailed review of the Group cash flow forecast and are satisfied that the Group has adequate unutilised credit facilities and securing new credit facilities to fund its working capital, capital commitments and financial obligations; and

b) More detailed actions which are taken by the management to monitor the liquidity position are disclosed in the Note F.2 (page 25) under the "Review on Statements of Financial Position".

2. Basis of preparation (Continued)

2.1 New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The accounting policies adopted and methods of computation applied are consistent with those previously applied under SFRS(I)s except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 October 2021.

The application of these amendments to standards and interpretations does not have a material effect on the financial statements. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.2 Use of judgement and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Group's accounting policies, management is of the opinion that any instances of application of judgements are not expected to have significant effect on the amounts recognised in the financial statements.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group businesses are organised into the following main segments:

a) Food Services Division – Texas Chicken restaurants and San Francisco Coffee chains;
b) Trading and Frozen Food Division;
c) Food Processing Division – bakery and butchery; and
d) Dairies Division – manufacturing and distribution of condensed and evaporated milk.

4.1 Reportable segments

Six months ended 30 September 2022

The Group **1 April 2022 to 30 September 2022**	**Food Services** **RM'000**	**Trading and Frozen Food** **RM'000**	**Food Processing** **RM'000**	**Dairies** **RM'000**	**Unallocated** **RM'000**	**Total** **RM'000**
Revenue						
Total revenue	146,329	89,662	-	88,868	3,551	328,410
Intersegment revenue	-	(9,808)	-	(38,134)	(3,551)	(51,493)
Revenue from external customers	146,329	79,854	-	50,734	-	276,917
Segment results	1,001	8,139	(107)	(1,877)	5,640	12,796
Interest income	26	38	1	-	-	65
Finance costs	(5,658)	(477)	(891)	(1,540)	(421)	(8,987)
Loss/(Profit) before tax	(4,631)	7,700	(997)	(3,417)	5,219	3,874
Income tax	(10)	(984)	-	-	(121)	(1,115)
Loss/(Profit) from operations	(4,641)	6,716	(997)	(3,417)	5,098	2,759
Segment assets	233,972	114,716	42,267	106,097	90,027	587,079
Segment liabilities	(214,406)	(47,367)	(38,467)	(87,701)	(40,406)	(428,347)
Other information						
Additions to property, plant and equipment	18,054	282	-	47	10	18,393
Additions to intangible assets	2,699	3	-	-	-	2,702
Depreciation and amortisation	16,618	1,903	1,911	1,423	1,015	22,870
Write back of loss allowance on receivables, net	-	(1,077)	(160)	(33)	(13)	(1,283)
Property, plant and equipment written off	1,110	8	22	-	-	1,140
Gain on disposal of assets classified as held for sale	-	-	-	-	(12,846)	(12,846)
Gain on disposal of property, plant and equipment	(1)	(15)	(157)	-	-	(173)

4.1 Reportable segments (Continued)

Six months ended 30 September 2021

The Group 1 April 2021 to 30 September 2021	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Dairies RM'000	Unallocated RM'000	Total RM'000
Revenue						
Total revenue	111,715	52,277	11,338	25,889	4,848	206,067
Intersegment revenue	(7)	(8,665)	(456)	(5,565)	(4,818)	(19,511)
Revenue from external customers	111,708	43,612	10,882	20,324	30	186,556
Segment results	(2,237)	(916)	237	(5,142)	(4,127)	(12,185)
Interest income	19	30	1	-	1	51
Finance costs	(6,426)	(430)	(2,951)	(960)	(436)	(11,203)
Loss before tax	(8,644)	(1,316)	(2,713)	(6,102)	(4,562)	(23,337)
Income tax	1	(356)	(1)	-	(149)	(505)
Loss from operations	(8,643)	(1,672)	(2,714)	(6,102)	(4,711)	(23,842)
Segment assets	225,288	101,882	129,562	92,667	107,972	657,371
Segment liabilities	211,329	37,795	135,581	73,355	37,756	495,816
Other information						
Additions to property, plant and equipment	5,020	45	1,818	2,508	690	10,081
Additions to intangible assets	124	-	1	-	-	125
Depreciation and amortisation	16,605	2,119	2,673	2,101	1,297	24,795
(Write back of)/Loss allowance on receivables, net	-	(89)	262	(30)	(2)	141
Impairment of property, plant and equipment	3,448	-	-	-	-	3,448
Impairment of intangible assets	205	-	-	-	-	205
Property, plant and equipment written off	1,405	1	56	-	-	1,462
(Gain)/Loss on disposal of property, plant and equipment	(9)	(17)	210	-	-	184
Reversal of impairment of property, plant and equipment	-	-	(8,240)	-	-	(8,240)

4.1 Reportable segments (Continued)

Full year ended 30 September 2022

The Group **1 October 2021 to 30 September 2022**	**Food Services** **RM'000**	**Trading and Frozen Food** **RM'000**	**Food Processing** **RM'000**	**Dairies** **RM'000**	**Unallocated** **RM'000**	**Total** **RM'000**
Revenue						
Total revenue	273,472	167,816	13,821	137,128	6,785	599,022
Intersegment revenue	(21)	(18,240)	(367)	(58,027)	(6,785)	(83,440)
Revenue from external customers	273,451	149,576	13,454	79,101	-	515,582
Results						
Segment results	7,709	14,582	(1,382)	(7,655)	3,192	16,446
Interest income	53	68	2	-	-	123
Finance costs	(11,702)	(897)	(3,784)	(3,029)	(838)	(20,250)
(Loss)/Profit before tax	(3,940)	13,753	(5,164)	(10,684)	2,354	(3,681)
Income tax	(13)	(2,563)	-	-	(130)	(2,706)
(Loss)/Profit for the financial year	(3,953)	11,190	(5,164)	(10,684)	2,224	(6,387)
Segment assets	233,972	114,716	42,267	106,097	90,027	587,079
Segment liabilities	(214,406)	(47,367)	(38,467)	(87,701)	(40,406)	(428,347)
Other information						
Additions to property, plant and equipment	38,443	702	39	456	92	39,732
Additions to intangible assets	2,944	103	15	-	-	3,062
Depreciation and amortisation	32,578	3,916	3,934	2,799	2,162	45,389
(Write back of)/Loss allowance on receivables, net	-	(354)	(473)	105	(24)	(746)
Property, plant and equipment written off	1,791	9	22	-	-	1,822
Gain on disposal of assets classified as held for sale	-	-	-	-	(16,560)	(16,560)
Gain on disposal of property, plant and equipment	(1)	(15)	(244)	-	-	(260)
Reversal of impairment of property, plant and equipment	-	-	(80)	-	-	(80)

4.1 Reportable segments (Continued)

Full year ended 30 September 2021

The Group **1 October 2020 to 30 September 2021**	**Food Services** **RM'000**	**Trading and Frozen Food** **RM'000**	**Food Processing** **RM'000**	**Dairies** **RM'000**	**Unallocated** **RM'000**	**Total** **RM'000**
Revenue						
Total revenue	218,863	116,488	20,323	49,625	6,606	411,905
Intersegment revenue	(31)	(16,466)	(1,080)	(5,697)	(6,509)	(29,783)
Revenue from external customers	218,832	100,022	19,243	43,928	97	382,122
Results						
Segment results	(3,001)	2,220	(7,260)	(7,792)	(10,482)	(26,315)
Interest income	27	58	3	-	1	89
Finance costs	(12,086)	(913)	(4,709)	(2,557)	(855)	(21,120)
(Loss)/Profit before tax	(15,060)	1,365	(11,966)	(10,349)	(11,336)	(47,346)
Income tax	(10)	(855)	(27)	-	(163)	(1,055)
(Loss)/Profit for the financial year	(15,070)	510	(11,993)	(10,349)	(11,499)	(48,401)
Segment assets	225,288	101,882	129,562	92,667	107,972	657,371
Segment liabilities	211,329	37,795	135,581	73,355	37,756	495,816
Other information						
Additions to property, plant and equipment	24,392	703	2,021	5,578	693	33,387
Additions to intangible assets	268	-	1	5	-	274
Depreciation and amortisation	33,830	4,296	7,794	2,671	2,663	51,254
Impairment of property, plant and equipment	3,448	-	-	-	-	3,448
Impairment of intangible assets	205	-	-	-	-	205
Loss/(write back of) allowance on receivables, net	-	32	250	88	(10)	360
Property, plant and equipment written off	2,558	1	56	-	-	2,615
(Gain)/Loss on disposal of property, plant and equipment	(9)	(17)	343	-	-	317
Reversal of impairment of property, plant and equipment	-	-	(8,240)	-	-	(8,240)

4.2 Geographical segments

Geographical segments for 6 months:

1 April 2022 to 30 September 2022	Malaysia RM'000	China RM'000	Asean RM'000	Africa RM'000	Total RM'000
Total revenue from external customers	274,130	-	460	2,327	276,917
Segment non-current assets*	438,459	-	-	-	438,459

1 April 2021 to 30 September 2021	Malaysia RM'000	China RM'000	Asean RM'000	Africa RM'000	Total RM'000
Total revenue from external customers	182,303	1,524	2,146	583	186,556
Segment non-current assets*	464,702	-	-	-	464,702

Geographical segments for 12 months:

1 October 2021 to 30 September 2022	Malaysia RM'000	China RM'000	Asean RM'000	Africa RM'000	Total RM'000
Total revenue from external customers	508,975	734	1,139	4,734	515,582
Segment non-current assets*	438,459	-	-	-	438,459

1 October 2020 to 30 September 2021	Malaysia RM'000	China RM'000	Asean RM'000	Africa RM'000	Total RM'000
Total revenue from external customers	371,701	2,573	4,081	3,767	382,122
Segment non-current assets*	464,702	-	-	-	464,702

* Excludes financial assets at FVOCI and deferred tax assets.

4.3 A breakdown of sales and net profit/(loss) after taxation are as follows:

	The Group Financial year ended 30.9.2022 RM'000	Financial year ended 30.9.2021 RM'000	Change %
(a) Sales reported for the first half year	238,665	195,566	22.0
(b) Operating loss after tax before deducting non-controlling interests reported for the first half year	(9,146)	(24,559)	62.8
(c) Sales reported for second half year	276,917	186,556	48.4
(d) Operating profit/(loss) after tax before deducting non–controlling interests reported for the second half year	2,759	(23,842)	>100

5. Profit/(Loss) before income tax

	The Group 6 Months Ended 30.9.2022 RM'000	30.9.2021 RM'000	12 Months Ended 30.9.2022 RM'000	30.9.2021 RM'000
(Write back of)/Loss allowance on receivables, net	(1,283)	141	(746)	360
Amortisation of intangible assets	288	233	531	465
Depreciation of property, plant and equipment	22,357	24,337	44,409	50,338
Depreciation of investment property	225	225	449	451
Lease expenses on:				
- Short-term leases/low value of assets	4,578	3,695	8,919	7,231
- Rent concession	(571)	(2,991)	(2,665)	(5,246)
Payroll subsidies	(2,425)	(2,324)	(5,587)	(3,388)
Finance costs	8,987	11,203	20,250	21,120
Foreign currency exchange loss/(gain), net	2,497	(740)	3,593	1,031
Gain on disposal of assets classified as held for sale	(12,846)	-	(16,560)	-
(Gain)/Loss on disposal of property, plant and equipment	(173)	184	(260)	317
Impairment of property, plant and equipment	-	3,448	-	3,448
Impairment of intangible assets	-	205	-	205
Property, plant and equipment written off	1,140	1,462	1,822	2,615
Reversal of impairment of property, plant and equipment	-	(8,240)	(80)	(8,240)

6. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the Group entered into the following transactions with related parties at rates and terms agreed between the parties.

	The Group 6 Months Ended 30.09.2022 RM'000	30.09.2021 RM'000	12 Months Ended 30.09.2022 RM'000	30.09.2021 RM'000
Insurance premium paid to a related party	416	478	1,521	1,644
Purchase of goods from a related party	109	433	353	801
Purchase of motor vehicles and service from related parties	5	7	8	188
Rental income	89	89	178	178
Consultancy services	108	105	216	207
Advisory fee paid to a director	250	240	491	437

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

	The Group			
	6 Months Ended		12 Months Ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Current income tax expense				
- Current year	1,544	272	3,115	771
- (Over)/Under provision in prior year	(118)	97	(119)	128
- Withholding tax	28	36	49	56
	1,454	405	3,045	955
Deferred income tax expense relating to origination and reversal of temporary differences				
- Current year	(91)	(5)	(91)	(5)
- (Over)/Under provision in prior year	(248)	105	(248)	105
	(339)	100	(339)	100
	1,115	505	2,706	1,055

8. Earnings/(Loss) per share

Basic earnings/(loss) per share is calculated by dividing the Group's earnings/(loss) after income tax attributable to the equity holders of the Company by the number of ordinary shares in issue during the financial period/year.

	The Group			
	6 Months Ended		12 Months Ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Net profit/(loss) attributable to owners of the Company for the financial period/year (RM '000)	2,759	(23,842)	(6,387)	(48,401)
Number of ordinary shares	247,114,403	247,114,403	247,114,403	247,114,403
Basic/diluted earnings/(loss) per share (RM sen)	1.12	(9.65)	(2.58)	(19.59)

Diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as at the end of the current and previous financial period/year because the potential ordinary shares which are the warrants are anti-dilutive.

9. Net asset value per share

	Group		Company	
	As at 30.9.2022 RM	As at 30.9.2021 RM	As at 30.9.2022 RM	As at 30.9.2021 RM
Net asset value per ordinary share based on issued share capital at the end of the financial year	0.64	0.65	1.39	1.39

10. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2022 and 30 September 2021:

	Note	Group		Company	
		As at 30.9.2022 RM'000	**As at 30.9.2021 RM'000**	**As at 30.9.2022 RM'000**	**As at 30.9.2021 RM'000**
Financial assets					
Trade and other receivables*		64,329	36,313	43,298	147,750
Cash and bank balances		16,760	17,265	1,259	341
Financial assets at amortised costs		81,089	53,578	44,557	148,091
Financial assets at fair value through other comprehensive income (FVOCI)	13	9,862	8,946	9,597	8,631
Total financial assets		90,951	62,524	54,154	156,722
Financial liabilities					
Trade and other payables**		87,077	87,776	23,340	19,710
Amount due to directors		13,846	9,718	13,846	9,718
Bank borrowings	16	186,762	258,402	-	-
Lease liabilities		129,191	131,348	-	-
Financial liabilities at amortised costs		416,876	487,244	37,186	29,428
Financial guarantee contracts		-	-	-	1,425
Total financial liabilities		416,876	487,244	37,186	30,853

* Excludes SST receivables, prepayments, advances to suppliers and tax recoverable.
Other receivables for the Company include amount due from subsidiaries.

** Excludes SST payables and contract liabilities.
Other payables for the Company include amount due to subsidiaries.

11. Property, plant and equipment

During the year ended 30 September 2022, the Group acquired and disposed of assets (included assets classified as held for sale) amounting to RM39.7 million (30 September 2021: RM33.4 million) and RM104.5 million (30 September 2021: RM1.7 million) respectively.

12. Investment property

Group	**2022 RM'000**	**2021 RM'000**
Cost		
At the beginning of the financial year	23,103	24,771
Reclassification to property, plant and equipment	-	(1,668)
At the end of the financial year	23,103	23,103
Accumulated depreciation		
At the beginning of the financial year	2,662	2,371
Reclassification to property, plant and equipment	-	(160)
Depreciation for the financial year	449	451
At the end of the financial year	3,111	2,662
Net carrying amount	19,992	20,441

12.1 Valuation

As at 30 September 2022, the fair value of the Group's investment property amounted to RM52.0 million (2021: RM42.0 million). The leasehold land and building ("office building") is partially owner-occupied where the net carrying amount of RM17.2 million (2021: RM17.6 million) is included in property, plant and equipment.

The fair value of the investment property was estimated based on management's estimation by using the direct sales comparison approach by making reference to market evidence of prices per square meter for comparable properties, adjusted for key attributes such as property size, tenure, location, condition and prevailing market conditions.

In the previous financial year, the management had assessed the valuation of the Group's office building with the assistance of an independent professional valuation firm on 21 September 2020 that has the relevant experience in the location and category of the property. The valuation was based on the assets highest and best use arrived at using the direct sales comparison approach by analysing sales and listing of similar properties in the locality by making reference to market evidence of prices per square feet and adjusted for differences in key attributes such as property size, location and other relevant factors.

The resulting fair value of investment property is considered Level 2 fair value measurement.

13. Financial assets at fair value through other comprehensive income ("FVOCI")

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significant of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Quoted prices (unadjusted) in active markets for identified assets or liabilities **(Level 1)**;
b) Inputs other than quoted shares included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) **(Level 2)**; and
c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) **(Level 3)**.

The following table presented the assets measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Group				
Financial assets				
FVOCI investments	9,862	-	-	9,862
Company				
Financial assets				
FVOCI investments	9,597	-	-	9,597
2021				
Group				
Financial assets				
FVOCI investments	315	-	8,631	8,946
Company				
Financial assets				
FVOCI investments	-	-	8,631	8,631

14. Intangible assets

Group	Goodwill RM'000	Trademarks RM'000	Computer Software RM'000	Franchise fee RM'000	Total RM'000
Cost					
At 1 October 2021	19,059	10,421	1,798	5,802	37,080
Additions	-	-	172	2,890	3,062
Currency realignment	-	(23)	-	-	(23)
At 30 September 2022	19,059	10,398	1,970	8,692	40,119
Accumulated amortisation					
At 1 October 2021	-	-	1,652	2,496	4,148
Amortisation charge	-	-	97	434	531
At 30 September 2022	-	-	1,749	2,930	4,679
Accumulated impairment					
At 1 October 2021/ 30 September 2022	2,020	7,067	-	-	9,087
Net carrying amount					
At 30 September 2022	17,039	3,331	221	5,762	26,353
Cost					
At 1 October 2020	19,059	10,407	1,774	5,552	36,792
Additions	-	-	24	250	274
Currency realignment	-	14	-	-	14
At 30 September 2021	19,059	10,421	1,798	5,802	37,080
Accumulated amortisation					
At 1 October 2020	-	-	1,563	2,120	3,683
Amortisation charge	-	-	89	376	465
At 30 September 2021	-	-	1,652	2,496	4,148
Accumulated impairment					
At 1 October 2020	2,020	6,862	-	-	8,882
Impairment during the year	-	205	-	-	205
At 30 September 2021	2,020	7,067	-	-	9,087
Net carrying amount					
At 30 September 2021	17,039	3,354	146	3,306	23,845

During the financial year, the Group paid franchise fees for renewal of franchise agreement to extend the franchise period to 2030 and new stores of RM2.4 million (2021: Nil) and RM0.5 million (2021: RM0.3 million) respectively in accordance with the International Multiple Unit Franchise and Development Agreement to develop and operate "Texas Chicken" restaurants for a period of 10 to 20 years in Malaysia.

Trademarks referred to the registered brands for Dairies and San Francisco Coffee (acquired through business combinations).

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.

14. Intangible assets (Continued)

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

During the financial year, management determines that there is no impairment of any of its group of CGUs containing goodwill or intangible assets with indefinite and finite useful lives. The recoverable amounts of these CGUs are determined on the basis of value-in-use calculations.

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. The key assumptions for these value-in-use calculations are those regarding the discount rates, sales growth rates and gross margins.

	Food services %	**Trading and frozen food** %
Gross margin(1)	55.98 – 69.73	20.98
Sales growth rate(2)	10.00 – 12.37	10.89
Discount rate(3)	13.66 – 16.06	13.57
2021		
Gross margin(1)	57.65 – 70.65	21.60
Sales growth rate(2)	10.00 – 10.48	14.78
Discount rate(3)	10.18 – 13.24	12.36

(1) Average budgeted gross margin.
(2) Average sales growth rate for the 5-year period.
- Food Services : 5-year period for coffee chain and 10-year period for fast food restaurant; and
- Trading and Frozen Food : 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 benchmarked against average margins achieved in the five years preceding the start of the budget period. These are adjusted for anticipated efficiency improvements and expectations of future changes in market condition.

Sales growth rates – The forecasted sales growth rates are based on management estimates with reference to the historical trend as well as the forecasted economic condition over the budgeted period of 5 years.

Pre-tax discount rates – Discount rates are based on the Group's beta adjusted to reflect management's assessment of specific risks related to each of the cash generating units.

15. Assets classified as held for sale

(a) Current financial year

(i) The Proposed Disposals of land and the bakery plant had been completed on 11 February 2022 with a net gain on disposal of RM3.7 million.

(ii) On 26 January 2022, the Group entered into 3 separate conditional sale and purchase agreements with Syarikat Logistik Petikemas Sdn Bhd for the sale of 3 pieces of Land at Pulau Indah, Selangor for an aggregate consideration of RM35.3 million.

The Proposed Disposal of 3 pieces of Land was completed in September 2022 with a net gain on disposal of RM12.9 million.

15. Assets classified as held for sale (Continued)

(b) Previous financial year

On 31 March 2021, the Group entered into the conditional option sale and purchase agreement with Aryzta Food Solutions Malaysia Sdn Bhd for the sale of land and the bakery plant located at Pulau Indah, Selangor for a total consideration of RM88.0 million.

Accordingly, the land in relation to Proposed Disposals (under property, plant and equipment category) was reclassified as assets held for sale in the consolidated statement of financial position in the previous financial year.

16. Bank borrowings

Group	**As at 30.9.2022**	**As at 30.9.2021**
Secured:	**RM'000**	**RM'000**
Amount repayable within one year or on demand		
Bank borrowings	84,946	131,846
Lease liabilities (finance lease)	6,194	7,606
	91,140	139,452
Amount repayable after one year		
Bank borrowings	101,816	126,556
Lease liabilities (finance lease)	13,675	19,474
	115,491	146,030
Total	**206,631**	**285,482**

The Group's bank borrowings as at 30 September 2022 are secured against the following:

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

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

Breach of subsidiary's financial covenant

A subsidiary of the Group has not complied with the financial covenant in relation to the maintenance of positive tangible net worth as at 30 September 2022.

Due to the non-compliance of the financial covenant, the banks are contractually entitled to request immediate repayment of the outstanding amount. Accordingly, the total non-current bank borrowings amount of RM11.8 million have been reclassified to current liabilities as at 30 September 2022. The banks have not requested early repayment of the outstanding amount as of the date when these financial statements were approved by the Directors.

17. Share capital and treasury shares

Group and Company	2022 Number of shares	2022 Amount S$'000	2022 Amount RM'000	2021 Number of shares	2021 Amount S$000	2021 Amount RM'000
Share capital						
Issued and fully paid:						
At 1 October/ 30 September	247,356,403	68,511	177,865	247,356,403	68,511	177,865
Treasury shares						
At 1 October/ 30 September	242,000	76	183	242,000	76	183

The Company has 105,195,904 outstanding warrants as at 30 September 2022, convertible into 105,195,904 ordinary shares of the Company.

As at 30 September 2022, the total number of issued shares excluding treasury shares of the Company was 247,114,403 shares (30 September 2021: 247,114,403 shares).

18. Subsequent events

The Group has no significant event subsequent to 30 September 2022 except the following:

The subscription period for the warrants have expired on 25 November 2022 at 5.00 p.m. Total number of warrants exercised were 57,066,950 warrants at the exercise price of S$0.16 per share and the total number of expired warrants were 48,128,954.

As a result of the allotment and issue of 57,066,950 new ordinary shares in the capital of the Company pursuant to the exercise of 57,066,950 warrants at the exercise price of S$0.16 per share, the number of issued ordinary shares of the Company has increased from 247,356,403 ordinary shares to 304,423,353 ordinary shares (inclusive treasury shares of 242,000).

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of Envictus International Holdings Ltd and its subsidiaries as at 30 September 2022 and the related condensed profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period and full year then ended, and, certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

The Group's core business segments are as follows:

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

Review on Consolidated Statement of Comprehensive Income

Six months ended 30 September 2022

The Group's revenue improved 48.4% to RM276.9 million from RM186.6 million in the previous corresponding period, driven by the improved performance from the Food Services, Trading and Frozen Food and Dairies Divisions amid the recovery from last year lockdowns. The increased was achieved despite the cessation of bakery business in February 2022.

The Food Services Division's revenue surged 31.0% to RM146.3 million from RM111.7 million, largely contributed from Texas Chicken restaurants in Malaysia. Texas Chicken's revenue increased by RM26.8 million or 26.9% from RM99.7 million to RM126.5 million, driven by eight new store openings and comparable store sales growth amid higher transactions on improved sentiment as compared to lockdowns in the previous corresponding period. Similarly, San Francisco Coffee chains' revenue grew RM7.9 million or 66.4% from RM11.9 million to RM19.8 million on higher existing store sales growth and new stores.

The number of stores of each business are as follows:

	As at 30.9.2022	As at 30.9.2021
Texas Chicken Malaysia	88	80
San Francisco Coffee	49	47

The Trading and Frozen Food Division revenue jumped 83.3% to RM79.9 million from RM43.6 million, buoyed by the reopening of economic sectors and resumption of domestic tourism. Revenue improved from hotel and restaurant sectors following the lifting of the interstate travel ban and dine-in restrictions which led to higher domestic consumption relating to tourism sector.

Revenue of the Dairies Division rose 150% from RM20.3 million to RM50.7 million due to strong demand from the domestic market.

However, no revenue recorded from the Food Processing Division due to cessation of bakery business in February 2022 compared with RM10.9 million revenue posted in the previous corresponding period.

Gross profit margin has been reduced by 3% to 36.9% as the entire Group Divisions were hit by the sharp increase in input costs such as poultry products, coffee beans, milk, sugar, palm oil and packaging material prices.

Other operating income of RM19.6 million comprised mainly the one-time gain on disposal of land, payroll subsidies from the government and others of RM12.8 million, RM2.4 million and RM4.4 million, respectively. In the previous financial period, other income of RM13.0 million comprised mainly the reversal of impairment of property, plant and equipment, payroll subsidies and others of RM8.2 million, RM2.3 million and RM2.5 million, respectively.

Overall, operating expenses increased by RM9.5 million or 9.5% from RM99.5 million to RM109.0 million primarily attributable to the higher selling and marketing expenses of RM9.6 million in tandem with the expansion of Texas Chicken restaurants, which was partially mitigated by reduced operating costs from San Francisco Coffee chains due to closure of outlets and effective costs management, coupled with lower bakery business operating costs as a result of cessation of business. Other operating expenses of RM3.8 million comprised mainly the foreign currency fluctuation losses due to weaker ringgit and property, plant and equipment written off due to closure/temporarily closure of outlets of RM2.5 million and RM1.1 million, respectively.

Finance costs decreased by RM2.2 million or 19.8% from RM11.2 million to RM9.0 million primarily due to settlement of certain bank borrowings which were secured by the disposed assets.

Income tax expense increased by RM0.6 million was primarily due to higher profit generated by a subsidiary.

The Group posted a profit after tax of RM2.8 million compared with loss after tax of RM23.8 million in the previous corresponding period. Excluding the one-time net gain on disposal of assets held for sale and impairments, the Group reported a lower loss after tax of RM10.1 million as compared with RM28.4 million due to overall improved performance of the business segments following the re-opening of economy.

Six months ended	**30.9.2022** **RM'000**	**30.9.2021** **RM'000**
Profit/(Loss) after tax	2,759	(23,842)
Less: Net gain on disposal of assets held for sale	(12,846)	-
Less: Reversal of impairment on property, plant and equipment	-	(8,240)
Add: Impairment on property, plant and equipment and intangible assets	-	3,653
Loss after tax from operations	(10,087)	(28,429)

Full Year ended 30 September 2022

For the full year ended 30 September 2022, the Group's revenue rose to RM515.6 million from RM382.1 million in the previous financial year, improved by RM133.5 million or 34.9%. This was due to improved performance from the Food Services, Trading and Frozen Food and Dairies Divisions amid the opening of economy activities from last year lockdowns. The increased was achieved despite the cessation of bakery business in February 2022.

The Food Services Division's revenue jumped 25.0% to RM273.5 million from RM218.8 million, largely contributed from Texas Chicken restaurants in Malaysia. Texas Chicken's revenue surged by RM44.5 million or 23.2% from RM191.9 million to RM236.4 million, backed by eight new store openings and higher comparable store sales. Similarly, San Francisco Coffee chains' revenue was up RM10.2 million or 38.1% from RM26.8 million to RM37.0 million due to existing stores sales growth and new stores. This was primarily due to lifting of operational restrictions and higher footfall in the outlets as consumers are returning back into normal spending habits.

The Trading and Frozen Food Division revenue climbed 49.6% to RM149.6 million from RM100.0 million, particularly from hotel and restaurant sectors following the lifting of the interstate travel ban and dine-in restrictions which led to higher domestic consumption relating to tourism sector.

Revenue of the Dairies Division grew RM35.2 million or 80.2% from RM43.9 million to RM79.1 million, backed by higher sales volume from local market and increased production volume from the new plant, which was previously saddled with production issues.

The Food Processing Division registered a lower revenue of RM13.5 million as compared to RM19.2 million recorded in the previous financial year, down by RM5.7 million or 29.7% primarily due to cessation of bakery operation following the disposal of its plant on 11 February 2022.

Gross profit margin has been reduced to 37.3% from 39.7% as the entire Group Divisions faced a margin compression amid surge in food costs, particularly poultry products, raw material, commodity and palm oil prices, driven by combination of factors from prolonged supply chain disruptions, worsened by the Russia-Ukraine war and weaker Ringgit.

Other operating income of RM31.0 million comprised mainly the one-time gain on disposal of land, payroll subsidies from the government and others of RM16.6 million, RM5.6 million and RM8.8 million, respectively. In the previous financial year, other income of RM15.8 million comprised mainly the reversal of impairment on property, plant and equipment, payroll subsidies and others of RM8.2 million, RM3.4 million and RM4.2 million, respectively.

Overall, operating expenses increased by RM12.7 million or 6.6% from RM193.9 million to RM206.6 million. Selling and marketing expenses increased RM12.8 million in tandem with the expansion of Texas Chicken restaurants, which was partially mitigated by operating cost savings from San Francisco Coffee chains due to closure of outlets and effective costs management, coupled with lower bakery business operating costs as a result of cessation of business. Other operating costs of RM5.6 million comprised mainly the foreign currency fluctuation losses due to weaker ringgit and property, plant and equipment written off due to closure/temporarily closure of outlets of RM3.6 million and RM1.8 million, respectively.

Finance costs decreased by RM0.8 million or 4.1% from RM21.1 million to RM20.3 million was primarily due to settlement of certain bank borrowings which were secured by the disposed land and assets.

Income tax expense increased by RM1.7 million was primarily due to higher profit generated by a subsidiary.

The Group posted a loss after tax of RM6.4 million compared with loss after tax of RM48.4 million in the previous financial year. Excluding the one-time net gain on disposal of assets and impairments, the Group's loss after tax was narrowed to RM22.9 million as compared with RM53.0 million due to overall improved performance of the business segments following the recovery in covid economy.

Full year ended	**30.9.2022 RM'000**	**30.9.2021 RM'000**
Loss after tax	(6,387)	(48,401)
Less: Net gain on disposal of assets held for sale	(16,560)	-
Less: Reversal of impairment on property, plant and equipment	-	(8,240)
Add: Impairment on property, plant and equipment and intangible assets	-	3,653
Loss after tax from operations	(22,947)	(52,988)

<u>Review on Statements of Financial Position</u>

Non-current assets were reduced by RM25.3 million largely due to disposal of 3 lots of land of RM20.2 million.

Decrease in current assets by RM45.0 million was mainly due to disposal of assets classified as held for sale of RM83.9 million, offset by increase in inventories and trade receivables of RM9.1 million and RM16.3 million respectively amid higher sales volume and additional new stores. In addition, there was a balance sum of RM11.1 million receivable from the disposal of 3 lots of land.

Current liabilities and non-current liabilities were reduced by RM42.9 million and RM24.6 million respectively, largely due to reduction in bank borrowings of RM71.6 million as full settlement was made to those debts that are secured by the disposed land and assets.

The Group has a negative working capital of RM73.9 million as at 30 September 2022. The Group will monitor its liquidity position to ensure it is able to meet the short-term debts obligations by taking the following actions to reduce both operational and financial risks:

(a) The Group will continue to carry out cost-saving initiatives to manage costs to preserve cash;

(b) The Group manages inventories, trade receivables and trade payables to optimise cash flow and liquidity;

(c) The Group is actively engaging with its bankers, trade and other creditors to extend or restructure the existing credit terms;

(d) Proposed monetisation of non-core and non-profitable assets of the Group. In September 2022, the Group has completed the sale of 3 lots of land for an aggregate consideration of RM35.3 million. The Group has utilised the net proceeds from the disposals for repayment of term loans and working capital requirements.

The Group will continue to monetise certain of its other non-core assets when the opportunity arises.

(e) As and when required, the Executive Chairman has been funding any urgent shortfall in the working capital of the Group. As at 30 September 2022, RM13.8 million have been advanced to the Group.

Review on Consolidated Statement of Cash Flows

The Group's cash and cash equivalents stood at RM14.9 million for the current financial year ended 30 September 2022, a decrease of RM1.5 million from RM16.4 million recorded in the previous financial year.

The Group generated a net cash from operating activities of RM6.3 million principally from the operating profit of RM46.0 million which was utilised to finance the higher receivables, inventories, payables as well as interest and income tax paid of RM19.4 million, RM9.1 million, RM7.8 million and RM3.4 million respectively.

The disposal of land and assets raised RM109.5 million, together with the advances from a director and third party of RM8.8 million were mainly utilised for repayment of bank borrowings and lease obligations, capital expenditure for the new stores and interest paid, resulting in a net cash generated from investing activities of RM97.1 million and net cash used in financing activities of RM104.9 million.

3. 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.

There is no changes in the Company's share capital and treasury shares as disclosed in Note E.17.

The Company has 105,195,904 outstanding warrants as at 30 September 2022, convertible into 105,195,904 ordinary shares of the Company.

The number of treasury shares held by the Company as at 30 September 2022 constituted 0.1% (30 September 2021: 0.1%) of the total number of ordinary share outstanding.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2022.

3.1 To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 September 2022, the total number of issued shares excluding treasury shares of the Company was 247,114,403 shares (30 September 2021: 247,114,403 shares).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2022.

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

Not applicable as the figures have not been audited or reviewed by the Company's statutory auditors.

5. Whether the same accounting policies and method of computation as in the issuer's most recently audited financial statements have been applied. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect, of the change.

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently audited annual financial statements for the financial year ended 30 September 2021.

The Group has adopted the relevant new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") effective beginning from 1 October 2021. The adoption of these accounting standards will have no material impact on the financial statements.

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

Not applicable.

7. 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 operating period and the next 12 months

Since the outbreak of the Russian//Ukraine war on 24 February 2022, the world economy have been adversely affected by high energy and commodities prices. Supply chains were also disrupted which further exacerbated the situation. As prices of energy and commodities were beginning to abate lately, the world economy were hit by the relentless increases of interest rate by the Federal Reserve to contain inflation in the US, with the latest September 2022 CPI increasing 6.6% from a year ago, the highest since 1982. The Fed has in November 2022 increased interest rates by another 75 basis points and expected to have another rate hike in December 2022, resulting in the depreciation of world's currencies against the US dollar. Consumers' demand is consequently affected by high inflation rates, with Europe being the worst hit due to high energy cost and dragging the countries into imminent recession in 2023. This is compounded by China strict lockdown policy which further dampened world trade.

The International Monetary Fund has already highlighted that global growth in 2023 will be heading to a slowdown, owing to geopolitical tensions, high commodities prices and persistent high inflation triggering an upward trend in interest rates.

With this backdrop, the Group's food and beverage businesses will faced very challenging tasks for the next twelve months ahead.

a) Food Services Division

<u>Texas Chicken restaurants</u>

With the opening of the economic activities in April 2022, Texas Chicken recorded significant increase in sales of approximately 30% through pent up demand. However, sales were subsequently dampened by shortages of chicken supplies as farms reduced productions due to rising cost of feeds. Costs of other poultry products and materials also increased by about 15% due to increase in fertilizers, labor and shipment costs. Gross profit margin was consequently impacted adversely by approximately 5%. In addition, operating costs were affected by higher labor and rental costs.

To mitigate the margin erosion, Texas has plan to gradually increase its prices on certain menu items to improve margin, with the first increase in July 2022. High labor cost will be addressed through containment of overtime and scheduling of leave applications. Rental of hostels will be reviewed to optimise its usages.

On 20 May 2022, the Group and Cajun have renewed the Franchise Agreement extending the franchise period from 2022 to 2030 the exclusive right to develop 115 restaurants in Malaysia and 10 restaurants in Brunei from 2022 to 2029. Total store count for the financial year ended 30 September 2022 was 88 Texas plans to open another 18 outlets for the next financial year, with two already opened in October and November 2022.

San Francisco Coffee chains

Overall SF Coffee stores performance improved due to consumption-led recovery following the full lifting of movement restrictions earlier in 2022. The encouraging economic activities recovery will continue to drive sales ahead. However, its performance remains challenging with elevated coffee beans prices amid fluctuation in currency and other food costs due to rising commodities prices.

SF Coffee has implemented the followings to combat the rising cost of raw materials:
- Price increases across a selected range of products;
- Engaging multiple suppliers to ensure price and supply security;
- Ensuring efficient staff management structures to contain costs; and
- Hedging supplies and ensuring efficiency in the usage of supply.

Competition remains fierce in the coffee chain business. SF Coffee's long term model will be driven by new store openings, comparable store sales growth and focus on profitability and operational efficiency. It will continue to develop and streamline its products as well as make continue adjustments to pricing structure to protect profit margin. Furthermore, SF Coffee continues to implement effective marketing strategic via promotion activities and review its food menu with innovative products to boost sales.

SF Coffee stores reached 51 following the recent opening of two new stores at Pavilion Bukit Jalil and IGB South Tower, Mid Valley in October 2022. It plans to open one new outlet in the next quarter.

b) Trading and Frozen Food Division

Pok Brothers has benefitted from the removal of restrictions under the Movement Control Order in April 2022. Business activities have rebounded strongly and shopping malls are packed during the weekends and public holidays. With government assistance in promoting local tourism industry and various subsidies including tax credits to taxpayers for domestic holidays, hotels managed to register its highest occupancy. These increased in activities have seen sales increasing by 15% since the reopening of the economy.

However, gross margin came under pressure as hotels operators sought better pricing. With competitors lowering their prices, Pok Brothers has no alternative but to reduce prices accordingly.

Prices of its imports have been on the upward trend due to multiple factors such as increase in demands, adverse weather conditions in major food producing areas, rising energy prices, the Russian-Ukraine conflict, rising labour costs, disruption in the supply chain and covid-related causes. In addition, the Australia beef supplies were recently impacted by flooding and excessive rainfall in the key parts of Australia, resulting in temporary disruption in the supply chain. High global demand has also driven up the prices for New Zealand and Brazilian beef. These were further exacerbated by weakening of the Malaysian Ringgit against the currencies of its major suppliers that further eroded the margin. To mitigate the margin pressure, Pok Brothers has increased prices for certain products.

c) Food Processing Division

(i) Bakery

On 11 February 2022, Deluxe completed the disposal of its single storey factory with all the manufacturing equipment to Aryzta and henceforth Deluxe has completely ceased its manufacturing operations.

(ii) Butchery

Gourmessa revenue improved amid the economy reopening. Due to higher cost of raw materials, Gourmessa has increased all prices by 20% to 30% except for a contract customer.

d) Dairies Division

Dairies continues to face intensified margin pressure from the surge in commodity prices, especially after the war erupted between Russian and Ukraine. However, the commodities' prices such as palm oils, sugar, as well as milk powder are starting to soften. We anticipate the price of sweetened creamer ("SCM") to go down in the next 3 to 12 months period. Due to the volatility of commodity prices, there's no clear cut on standard selling price in the market at this moment. Dairies will review and adjust its selling price accordingly as needed to suit the market.

Meanwhile, majority of export customers are holding back their orders as the price of SCM has gone up too much and become too expensive for consumers (non-developed countries) to absorb. In addition, most of the customers in Africa region are also facing difficulty to obtain USD through their local banks to do the purchase.

8. Dividend information

(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.

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

No dividend has been declared/recommended for the financial year ended 30 September 2022 as the Group needs to conserve cash resources for working capital requirement.

9. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

10. Review of performance of the Group - turnover and earnings by the business segments

The Group's businesses comprise the Food Services, Trading and Frozen Food, Food Processing and Dairies Divisions. The Group has ceased its bakery business in February 2022.

For the six months ended 30 September 2022, the Food Services Division contributed 52.9% of the revenue, followed by the Trading and Frozen Food and Dairies Divisions of 28.8% and 18.3% respectively. For full year ended 30 September 2022, the Food Services Division contributed 53.0% of the revenue, followed by the Trading and Frozen Food, Dairies and Food Processing Divisions of 29.0%, 15.4% and 2.6%, respectively.

<u>Food Services Division</u>

Six months ended 30 September 2022

The Division saw revenue growth of 31.0% to RM146.3 million from RM111.7 million from existing and newly-opened stores of Texas Chicken and SF Coffee. Texas Chicken's top line increased by RM26.8 million or 26.9% from RM99.7 million to RM126.5 million on the back of additional eight new stores and improved performance of comparable store sales. Similarly, San Francisco Coffee chains' revenue grew RM7.9 million or 66.4% from RM11.9 million to RM19.8 million on existing store sales growth amid higher transactions on improved mobility as compared to lockdowns in the previous corresponding period.

The division posted a lower loss before tax of RM4.6 million compared with RM8.6 million in the previous corresponding period. This was mainly due to turnaround of SF Coffee business performance, helped by comparable stores growth and enhanced operational efficiencies, as well as absence of impairment loss of RM3.7 million. However, this was offset by higher losses from Texas Chicken restaurants as its profit margin has been impacted by sharp increase in food and labour costs as well as promotion activities for the products.

Full year ended 30 September 2022

Revenue jumped 25.0% to RM273.5 million from RM218.8 million, largely contributed from Texas Chicken restaurants in Malaysia. Texas Chicken's revenue surged by RM44.5 million or 23.2% from RM191.9 million to RM236.4 million, backed by eight new store openings and higher comparable store sales. This was further boosted by better performance from San Francisco Coffee with topline edging up RM10.2 million or 38.1%, from RM26.8 million to RM37.0 million as the coffee business trend towards normalcy.

Loss before tax narrowed to RM3.9 million compared with RM15.1 million in the previous financial year due to better operating results from San Francisco Coffee on higher sales and enhanced operational efficiencies, as well as the absence of impairment loss of RM3.7 million. This was offset by higher losses from Texas Chicken restaurants due to rising food, labour and packaging material costs, increased operating costs for new outlets, coupled with the promotion activities to boost sales.

Segmental assets increased by RM8.7 million or 3.9% from RM225.3 million to RM234.0 million mainly due to franchise fee paid for renewal of franchise agreement to extend the franchise period to 2030, higher inventories and capex for new stores.

Segment liabilities increased by RM3.1 million or 1.5% from RM211.3 million to RM214.4 million mainly due to increase in trade and other payables as a result of higher purchases and capex on expansion of restaurant business, partly offset by lower bank borrowings due to settlement of term loan that secured by the disposed land.

<u>Trading and Frozen Food Division</u>

Six months ended 30 September 2022

The Trading and Frozen Food reported a surge in revenue of 83.3% to RM79.9 million from RM43.6 million due to higher sales from hotel and restaurant sectors following the reopening of economy. Consequently, the Division's turn into profit before tax of RM7.7 million from losses before tax of RM1.3 million in the previous corresponding period.

Full year ended 30 September 2022

Revenue of the Trading and Frozen Food Division jumped 49.6% or RM49.6 million to RM149.6 million from RM100.0 million, particularly from hotel and restaurant sectors following the lockdowns. As a result, the profit before tax surged to RM13.8 million compared with RM1.4 million recorded in the previous financial year.

Segmental assets increased by RM12.8 million or 12.6% from RM101.9 million to RM114.7 million due to increase in inventories, trade and other receivables on higher sales. Segmental liabilities reported at RM47.4 million compared with RM37.8 million in the previous financial year, increased by RM9.6 million or 25.4% due largely to higher tradelines utilisation on increased purchases.

<u>Food Processing Division</u>

Six months ended 30 September 2022

No revenue for the six months period due the cessation of bakery business on 11 February 2022 compared with the revenue of RM10.9 million generated in the previous corresponding period. Consequently, the Division's loss before tax had narrowed to RM1.0 million compared with RM2.7 million in the previous corresponding period.

Full year ended 30 September 2022

The Division registered a lower revenue of RM13.5 million as compared to RM19.2 million recorded in the previous financial year, down by RM5.7 million or 29.7% primarily due to cessation of loss-making bakery business following the disposal of its plant on 11 February 2022. As a result, loss before tax narrowed to RM5.2 million compared with RM12.0 million in the previous financial year.

Segmental assets decreased significantly by RM87.3 million or 67.4% to RM42.3 million from RM129.6 million mainly attributed to disposal of bakery plant and collection received from the customers. The segmental liabilities reduced by RM97.1 million or 71.6% from RM135.6 million to RM38.5 million following the repayment of bank borrowings and finance lease obligations from the proceeds for disposal of plant.

<u>Dairies Division</u>

Six months ended 30 September 2022

Revenue of the Dairies Division rose RM30.4 million or 150% from RM20.3 million to RM50.7 million due to higher production volume and domestic market growth. Consequently, the Division's reported a lower loss before tax of RM3.4 million compared with RM6.1 million in the previous corresponding period.

Full year ended 30 September 2022

Revenue of the Dairies Division grew RM35.2 million or 80.2% from RM43.9 million to RM79.1 million, backed by higher sales volume from local market and increased production volume from the new plant. The Division reported a slightly higher loss before tax of RM10.7 million as compared to RM10.3 million in the previous corresponding year, owing to higher production costs due to continue rising commodity prices, increased operating costs as well as higher interest on bank borrowings.

Segmental assets increased RM13.4 million or 14.5% from RM92.7 million to RM106.1 million mainly attributed to increase in trade receivables on higher sales. The segmental liabilities increased RM14.3 million or 19.5% from RM73.4 million to RM87.7 million was largely due to higher bank borrowings and trade payables on higher purchases.

11. 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 has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

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

Name	**Age**	**Family relationship with any director and/or substantial shareholder**	**Current position and duties, and the year the position was held**	**Details of changes in duties and position held, if any, during the year**
Dato’ Jaya J B Tan	75	Brother of Dato’ Kamal Y P Tan, Non-Executive Director and Adviser and substantial shareholder of the Company.	Executive Chairman with effect from 3 November 2020.	-
Dato’ Kamal Y P Tan	70	Brother of Dato’ Jaya J B Tan, Executive Chairman and substantial shareholder of the Company	Non-Executive Director and Adviser with effect from 3 November 2020.	Ceased to be Adviser on 31 October 2022 and re-designated from Non-Executive Director and Adviser to Non-Executive Director with effect from 1 November 2022.

By Order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO’ JAYA J B TAN
Executive Chairman

28 November 2022