ENVICTUS

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

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

	Third Quarter Ended			Nine Months Ended		
	30.06.2017 RM'000	30.06.2016 RM'000	Change %	30.06.2017 RM'000	30.06.2016 RM'000	Change %
Revenue	103,401	94,142	9.8	305,358	270,052	13.1
Cost of goods sold	(68,003)	(64,976)	4.7	(201,856)	(189,455)	6.5
Gross profit	35,398	29,166	21.4	103,502	80,597	28.4
Other operating income	6,397	5,904	8.4	14,580	19,596	(25.6)
Operating expenses						
Administrative expenses	(11,239)	(10,466)	7.4	(32,710)	(28,310)	15.5
Selling and marketing expenses	(24,300)	(16,940)	43.4	(66,983)	(44,387)	50.9
Warehouse and distribution expenses	(6,905)	(6,662)	3.6	(20,021)	(18,643)	7.4
Research and development expenses	(225)	(422)	(46.7)	(819)	(1,160)	(29.4)
Other operating expenses	(50)	(1,926)	(97.4)	(564)	(4,610)	(87.8)
	(42,719)	(36,416)	17.3	(121,097)	(97,110)	24.7
(Loss)/Profit before interest and tax	**(924)**	**(1,346)**	**(31.4)**	**(3,015)**	**3,083**	**>100**
Finance costs	(1,273)	(1,061)	20.0	(3,697)	(2,891)	27.9
(Loss)/Profit before income tax	**(2,197)**	**(2,407)**	**(8.7)**	**(6,712)**	**192**	**>100**
Income tax (expense)/credit	(770)	(243)	>100	(1,611)	869	>100
(Loss)/Profit for the period	**(2,967)**	**(2,650)**	**12.0**	**(8,323)**	**1,061**	**>100**

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

	Third Quarter Ended			Nine Months Ended		
	30.06.2017 RM'000	30.06.2016 RM'000	Change %	30.06.2017 RM'000	30.06.2016 RM'000	Change %
(Loss)/Profit for the period	**(2,967)**	**(2,650)**	**12.0**	**(8,323)**	**1,061**	**>100**
Other comprehensive Income:						
Items that may be reclassified subsequently to profit or loss :						
Exchange differences on translating foreign operations	(1,380)	2,139	>100	988	(9,608)	>100
Fair value (loss)/gain on available-for-sale assets	(1,393)	(14,894)	(90.6)	9,843	(14,919)	>100
Other comprehensive income, net of tax	(2,773)	(12,755)	(78.3)	10,831	(24,527)	>100
Total comprehensive income for the period	**(5,740)**	**(15,405)**	**(62.7)**	**2,508**	**(23,466)**	**>100**
(Loss)/Profit attributable to:						
Owners of the Company	(2,769)	(2,446)	13.2	(7,647)	1,807	>100
Non-controlling interests	(198)	(204)	(2.9)	(676)	(746)	(9.4)
	(2,967)	**(2,650)**	**12.0**	**(8,323)**	**1,061**	**>100**
Total comprehensive income attributable to:						
Owners of the Company	(5,438)	(14,829)	(63.3)	3,577	(22,201)	>100
Non-controlling interests	(302)	(576)	(47.6)	(1,069)	(1,265)	(15.5)
	(5,740)	**(15,405)**	**(62.7)**	**2,508**	**(23,466)**	**>100**

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

	Third Quarter Ended			Nine Months Ended		
	30.06.2017 RM'000	30.06.2016 RM'000	Change %	30.06.2017 RM'000	30.06.2016 RM'000	Change %
Allowance for doubtful receivables	219	210	4.3	717	521	37.6
Allowance for doubtful receivables no longer required, now written back	(74)	(220)	(66.4)	(265)	(289)	(8.3)
Amortisation of intangible assets	138	134	3.0	411	408	(0.7)
Depreciation of property, plant and equipment	5,299	4,264	24.3	14,858	11,842	25.5
Depreciation of investment property	121	-	100	362	-	100
Dividend income	(496)	(779)	(36.3)	(1,873)	(2,517)	(25.6)
Fair value (gain)/loss on held-for-trading investments, net	(902)	1,863	>100	(2,389)	3,088	>100
Foreign currency exchange gain, net	(542)	(3,802)	(85.7)	(2,831)	(3,588)	(21.1)
Gain on disposal of held-for-trading investments	(316)	(41)	>100	(362)	(891)	(59.4)
(Gain)/Loss on disposal of property, plant and equipment	(111)	32	>100	(310)	(8,776)	(96.5)
Finance costs	1,273	1,061	20.0	3,697	2,891	27.9
Interest income	(248)	(444)	(44.1)	(779)	(1,178)	(33.9)
Inventories written off	115	-	100	180	-	100
Property, plant and equipment written off	9	24	(62.5)	504	1,183	(57.4)

1(b) (i) Statements of Financial Position

	Group		Company	
	As at 30.06.2017 RM'000	As at 30.09.2016 RM'000	As at 30.06.2017 RM'000	As at 30.09.2016 RM'000
Non-current assets				
Property, plant and equipment	247,965	195,930	-	1
Investment property	23,967	23,702	-	-
Investments in subsidiaries	-	-	14,019	13,627
Available-for-sale financial assets	27,368	17,041	27,123	16,829
Deferred tax assets	2,903	1,067	-	-
Intangible assets	32,724	30,667	-	7
	334,927	268,407	41,142	30,464
Current assets				
Inventories	45,790	43,723	-	-
Trade and other receivables	62,932	56,669	324,842	290,687
Tax recoverable	831	2,291	-	1,127
Held-for-trading investments	34,977	57,278	34,977	57,278
Fixed deposits	14,594	13,821	-	-
Cash and bank balances	32,400	45,561	5,012	4,633
	191,524	219,343	364,831	353,725
Current liabilities				
Trade and other payables	47,813	46,054	150,688	148,214
Bank borrowings	48,801	48,525	8,746	3,919
Finance lease payables	7,152	5,672	-	-
Current income tax payable	500	425	451	425
	104,266	100,676	159,885	152,558
Net current assets	87,258	118,667	204,946	201,167
Non-current liabilities				
Provision for restoration costs	1,527	864	-	-
Bank borrowings	56,441	26,409	-	-
Finance lease payables	16,956	15,049	-	-
Financial guarantee contracts	-	-	1,379	1,606
Deferred tax liabilities	2,554	2,553	-	-
	77,478	44,875	1,379	1,606
Net assets	**344,707**	**342,199**	**244,709**	**230,025**
Capital and reserves				
Share capital	111,406	111,406	111,406	111,406
Treasury shares	(183)	(183)	(183)	(183)
Foreign currency translation reserve	33,607	31,791	51,502	44,458
Fair value reserve	(6,319)	(15,727)	(5,731)	(15,107)
Share options reserve	9,507	9,507	9,507	9,507
Other reserves	(4,562)	(4,562)	-	-
Accumulated profits	210,635	218,282	78,208	79,944
Equity attributable to the owners of the Company	**354,091**	**350,514**	**244,709**	**230,025**
Non-controlling interests	(9,384)	(8,315)	-	-
Total equity	**344,707**	**342,199**	**244,709**	**230,025**

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

	Secured	
	As at 30.06.2017 RM'000	**As at 30.09.2016 RM'000**
Amount payable within one year		
Bank borrowings	48,801	48,525
Finance lease payables	7,152	5,672
	55,953	54,197
Amount payable after one year		
Bank borrowings	56,441	26,409
Finance lease payables	16,956	15,049
	73,397	41,458
Total	**129,350**	**95,655**

The Group's bank borrowings as at 30 June 2017 are secured against the following:

- ⇨ Registered general security agreement over all present and future assets of Nutrition Division;
- ⇨ Pledge of Horleys trademark;
- ⇨ Pledge of inventories and fixed deposits of Nutrition Division;
- ⇨ Pledge of land and buildings;
- ⇨ Pledge of shares of a subsidiary;
- ⇨ Debenture comprising fixed and floating charge over all future and present assets of a subsidiary;
- ⇨ Pledge of available-for-sale financial assets; and
- ⇨ Company's Corporate Guarantees, except for a secured term loan of RM109,000 (30 September 2016 : RM131,000).

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

1(c) Consolidated Statement of Cash Flows

	Third Quarter Ended		Nine Months Ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Cash flows from operating activities				
(Loss)/Profit before income tax	(2,197)	(2,407)	(6,712)	192
Adjustments for:				
Allowance for doubtful receivables	219	210	717	521
Allowance for doubtful receivables no longer required, now written back	(74)	(220)	(265)	(289)
Amortisation of intangible assets	138	134	411	408
Depreciation of property, plant and equipment	5,299	4,264	14,858	11,842
Depreciation of investment property	121	-	362	-
Dividend income	(496)	(779)	(1,873)	(2,517)
Fair value (gain)/loss on held-for-trading investment, net	(902)	1,863	(2,389)	3,088
Finance costs	1,273	1,061	3,697	2,891
Foreign currency exchange gain, net	(442)	(2,601)	(2,118)	(2,320)
(Gain)/Loss on disposal of property, plant and equipment	(111)	32	(310)	(8,776)
Gain on disposal of held-for-trading investments	(316)	(41)	(362)	(891)
Interest income	(248)	(444)	(779)	(1,178)
Inventories written off	115	-	180	-
Property, plant and equipment written off	9	24	504	1,183
Operating profit before working capital changes	2,388	1,096	5,921	4,154
Working capital changes:				
Inventories	(2,185)	(4,818)	(1,715)	(3,529)
Trade and other receivables	(618)	4,792	(4,705)	(3,629)
Trade and other payables	(5,010)	2,941	(3,066)	4,828
Cash (used in)/generated from operations	(5,425)	4,011	(3,565)	1,824
Interest paid	(324)	(402)	(956)	(1,099)
Income tax paid, net	(1,537)	(2,246)	(1,784)	(3,388)
Net cash (used in)/generated from operating activities	**(7,286)**	**1,363**	**(6,305)**	**(2,663)**
Cash flows from investing activities				
Acquisition of held-for-trading investments	-	-	-	(1,059)
Acquisition of subsidiaries, net of cash acquired	-	-	(139)	(17,456)
Acquisition of available-for-sale financial assets	-	-	-	(32,123)
Interest received	248	444	779	1,178
Dividend received	496	779	1,873	2,517
Proceeds from disposal of property, plant and equipment	237	90	552	13,493
Proceeds from sale of held-for-trading investments	10,672	3,364	26,642	45,936
Purchase of intangible assets	(389)	(180)	(722)	(860)
Purchase of property, plant and equipment	(21,045)	(3,618)	(58,459)	(76,859)
Net cash (used in)/generated from investing activities	**(9,781)**	**879**	**(29,474)**	**(65,233)**

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

	Third Quarter Ended		Nine Months Ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Interest paid	(949)	(659)	(2,741)	(1,792)
Repayment of finance lease obligations	(1,740)	(1,141)	(4,758)	(3,205)
Drawdown of bank borrowings	43,709	17,262	92,963	88,551
Repayment of bank borrowings	(19,301)	(20,710)	(62,727)	(67,319)
Net cash generated from/(used in) financing activities	**21,719**	**(5,248)**	**22,737**	**16,235**
Net change in cash and cash equivalents	**4,652**	**(3,006)**	**(13,042)**	**(51,661)**
Cash and cash equivalents at the beginning of the financial period	**40,863**	**43,001**	**58,323**	**96,471**
Effect of exchange rate changes	**(21)**	**2,002**	**213**	**(2,813)**
Cash and cash equivalents at the end of the financial period	**45,494**	**41,997**	**45,494**	**41,997**
Cash and cash equivalents comprise the following:				
Cash and bank balances	32,400	29,561	32,400	29,561
Unpledged fixed deposits	13,759	13,058	13,759	13,058
Bank overdraft	(665)	(622)	(665)	(622)
	45,494	**41,997**	**45,494**	**41,997**

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

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

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

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

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

1(d) (i) Statements of Changes in Equity for the Nine Months ended 30 June 2017 and 30 June 2016

Group	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Share options reserve	Other reserves	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 October 2016	111,406	(183)	31,791	(15,727)	9,507	(4,562)	218,282	350,514	(8,315)	342,199
Loss for the period	-	-	-	-	-	-	(7,647)	(7,647)	(676)	(8,323)
Other comprehensive income :										
Exchange differences on translating foreign operations	-	-	1,816	(435)	-	-	-	1,381	(393)	988
Available- for- sale financial assets	-	-	-	9,843	-	-	-	9,843	-	9,843
Total other comprehensive Income	-	-	1,816	9,408	-	-	-	11,224	(393)	10,831
Total comprehensive income for the financial period	-	-	1,816	9,408	-	-	(7,647)	3,577	(1,069)	2,508
Balance at 30 June 2017	111,406	(183)	33,607	(6,319)	9,507	(4,562)	210,635	354,091	(9,384)	344,707
Balance at 1 October 2015	111,406	(183)	40,219	(667)	9,507	(2,168)	215,419	373,533	(6,139)	367,394
Profit/(Loss) for the period	-	-	-	-	-	-	1,807	1,807	(746)	1,061
Other comprehensive Income:										
Exchange differences on translating foreign operations	-	-	(9,089)	-	-	-	-	(9,089)	(519)	(9,608)
Available-for-sale financial assets	-	-	-	(14,,919)	-	-	-	(14,919)	-	(14,919)
Total other comprehensive income	-	-	(9,089)	(14,919)	-	-	-	(24,008)	(519)	(24,527)
Total comprehensive income for the financial period	-	-	(9,089)	(14,919)	-	-	1,807	(22,201)	(1,265)	(23,466)
Acquisition on investment in subsidiaries	-	-	-	-	-	-	-	-	1,497	1,497
Balance at 30 June 2016	111,406	(183)	31,130	(15,586)	9,507	(2,168)	217,226	351,332	(5,907)	345,425

1(d) (i) Statements of Changes in Equity for the Third Quarter ended 30 June 2017 and 30 June 2016

Group	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Other reserves RM'000	Accumulated profits RM'000	Total attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 31 March 2017	111,406	(183)	35,165	(5,208)	9,507	(4,562)	213,404	359,529	(9,082)	350,447
Loss for the period	-	-	-	-	-	-	(2,769)	(2,769)	(198)	(2,967)
Other comprehensive income :										
Exchange differences on translating foreign operations	-	-	(1,558)	282	-	-	-	(1,276)	(104)	(1,380)
Available- for- sale financial assets	-	-	-	(1,393)	-	-	-	(1,393)	-	(1,393)
Total other comprehensive income	-	-	(1,558)	(1,111)	-	-	-	(2,669)	(104)	(2,773)
Total comprehensive income for the financial period	-	-	(1,558)	(1,111)	-	-	(2,769)	(5,438)	(302)	(5,740)
Balance at 30 June 2017	111,406	(183)	33,607	(6,319)	9,507	(4,562)	210,635	354,091	(9,384)	344,707
Balance at 31 March 2016	111,406	(183)	28,619	(692)	9,507	(2,168)	219,672	366,161	(5,311)	360,850
Loss for the period	-	-	-	-	-	-	(2,446)	(2,446)	(204)	(2,650)
Other comprehensive income :										
Exchange differences on translating foreign operations	-	-	2,511	-	-	-	-	2,511	(372)	2,139
Available- for- sale financial assets	-	-	-	(14,894)	-	-	-	(14,894)	-	(14,894)
Total other comprehensive income	-	-	2,511	(14,894)	-	-	-	(12,383)	(372)	(12,755)
Total comprehensive income for the financial period	-	-	2,511	(14,894)	-	-	(2,446)	(14,829)	(576)	(15,405)
Acquisition on investment in subsidiaries	-	-	-	-	-	-	-	-	(20)	(20)
Balance at 30 June 2016	111,406	(183)	31,130	(15,586)	9,507	(2,168)	217,226	351,332	(5,907)	345,425

1(d) (i) Statements of Changes in Equity for the Nine Months ended 30 June 2017 and 30 June 2016

Company	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
Balance at 1 October 2016	111,406	(183)	44,458	(15,107)	9,507	79,944	230,025
Loss for the period	-	-	-	-	-	(1,736)	(1,736)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	7,044	(434)	-	-	6,610
Available-for-sale financial assets	-	-	-	9,810	-	-	9,810
Total other comprehensive income	-	-	7,044	9,376	-	-	16,420
Total comprehensive income for the financial period	-	-	7,044	9,376	-	(1,736)	14,684
Balance at 30 June 2017	111,406	(183)	51,502	(5,731)	9,507	78,208	244,709
Balance at 1 October 2015	111,406	(183)	51,404	-	9,507	59,268	231,402
Profit for the period	-	-	-	-	-	16,723	16,723
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(9,668)	-	-	-	(9,668)
Available-for-sale financial assets	-	-	-	(14,939)	-	-	(14,939)
Total other comprehensive income	-	-	(9,668)	(14,939)	-	-	(24,607)
Total comprehensive income for the financial period	-	-	(9,668)	(14,939)	-	16,723	(7,884)
Balance at 30 June 2016	111,406	(183)	41,736	(14,939)	9,507	75,991	223,518

1(d) (i) Statements of Changes in Equity for the Third Quarter ended 30 June 2017 and 30 June 2016

Company	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
Balance at 31 March 2017	111,406	(183)	55,866	(4,660)	9,507	69,359	241,295
Profit for the period	-	-	-	-	-	8,849	8,849
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(4,364)	282	-	-	(4,082)
Available-for-sale financial assets	-	-	-	(1,353)	-	-	(1,353)
Total other comprehensive income	-	-	(4,364)	(1,071)	-	-	(5,435)
Total comprehensive income for the financial period	-	-	(4,364)	(1,071)	-	8,849	3,414
Balance at 30 June 2017	111,406	(183)	51,502	(5,731)	9,507	78,208	244,709
Balance at 31 March 2016	111,406	(183)	35,441	-	9,507	79,817	235,988
Loss for the period	-	-	-	-	-	(3,826)	(3,826)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	6,295	-	-	-	6,295
Available-for-sale financial assets	-	-	-	(14,939)	-	-	(14,939)
Total other comprehensive income	-	-	6,295	(14,939)	-	-	(8,644)
Total comprehensive income for the financial period	-	-	6,295	(14,939)	-	(3,826)	(12,470)
Balance at 30 June 2016	111,406	(183)	41,736	(14,939)	9,507	75,991	223,518

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

Share Capital	**COMPANY**		
	Number of shares	**S$'000**	**RM'000**
Issued and fully paid-up ordinary shares as at 31 March 2017 and 30 June 2017	126,385,289	46,526	111,406

Treasury Shares	**COMPANY**		
	Number of treasury shares	**S$'000**	**RM'000**
Balance as at 30 June 2017	(242,000)	(76)	(183)

Share Capital	**COMPANY**		
	Number of shares	**S$'000**	**RM'000**
After share consolidation			
Issued and fully paid-up ordinary shares as at 31 March 2016 and 30 June 2016	126,385,289	46,526	111,406

Treasury Shares	**COMPANY**		
	Number of treasury shares	**S$'000**	**RM'000**
After share consolidation			
Balance as at 30 June 2016	(242,000)	(76)	(183)

On 12 February 2016, the Company completed its share consolidation exercise with every five (5) existing shares consolidated to constitute one (1) consolidated share.

	As at 30.06.2017	**As at 30.06.2016**
The number of shares that may be issued on exercise of share options outstanding at the end of the period	2,378,000	2,408,600

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 2017, the total number of issued shares less treasury shares of the Company was 126,143,289 shares (30 September 2016: 126,143,289 shares).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 June 2017.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

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

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

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

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

	Third Quarter Ended		Nine Months Ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Net (loss)/profit attributable to owners of the Company for the financial period (RM '000)	(2,769)	(2,446)	(7,647)	1,807
Weighted average number of ordinary shares				
- Basic	126,143,289	126,143,289	126,143,289	126,143,289
- Fully diluted	126,143,289	126,143,289	126,143,289	126,143,289
Earnings per share (RM sen)				
- Basic	(2.20)	(1.94)	(6.06)	1.43
- Fully diluted	(2.20)	(1.94)	(6.06)	1.43

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

	Group		Company	
	As at	As at	As at	As at
	30.06.2017 RM	30.09.2016 RM	30.06.2017 RM	30.09.2016 RM
Net asset value per ordinary share based on issued share capital at the end of the financial period/year	2.73	2.71	1.94	1.82

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

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cashflow, working capital, assets or liabilities of the group during the current financial period.

Business Segments

The Group's core business segments are as follows:

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

Performance Review

Review on Consolidated Statement of Comprehensive Income

Third Quarter Ended 30 June 2017

The Group recorded a revenue of RM103.4 million for the third quarter ended 30 June 2017 ("Q3FY2017"), an increase of RM9.3 million or 9.8%, from RM94.1 million in the previous corresponding quarter ended 30 June 2016 ("Q3FY2016"). The increase in the Group's top line was mainly contributed by the Food Services Division.

Food Services Division continues to register a robust growth in top line by RM10.8 million or 47.0%, from RM23.0 million to RM33.8 million. This was driven mainly by Texas Chicken which achieved a strong increase in revenue from RM17.9 million to RM26.5 million, representing an increase of RM8.6 million or 48.0% as a result of the opening of seven additional new restaurant outlets since Q3FY2016, coupled with the improved sales performance attributed to market acceptance of its products quality, value and brand recognition. The newly acquired Delicious restaurants business and San Francisco Coffee chain have also contributed an additional RM1.8 million and RM0.4 million revenue, respectively to the Division. The Group's top line was also supported by Trading and Frozen Food Division which registered a marginal growth in revenue of RM0.1 million or 0.2%, from RM43.2 million to RM43.3 million despite the weak consumers' sentiment and challenging market conditions.

However, the improved performance was offset by lower revenue contribution from the Food Processing Division which saw the revenue dropped by RM1.1 million or 5.6%, from RM19.7 million to RM18.6 million. The Division was impacted by slower growth from its beverages business which recorded a decline in revenue of RM1.7 million or 34.7%, from RM4.9 million to RM3.2 million amid lower export and local sales resulting from the continued slowdown of China market and ongoing price war amongst the local competitors. This was mitigated by the better performance of Contract Packing for Dairy and Juice based drinks business which contributed sales growth of RM1.0 million or 18.2%, from RM5.5 million to RM6.5 million on the back of greater sales volume.

Nutrition Division has also reported a decline in revenue of RM0.7 million or 8.3%, from RM8.4 million to RM7.7 million. The traditional channel for sales of sports and weight management supplements are gyms, health food and supplement stores. For some period now Nutrition Division has lost market share in this channel primarily due to more competitively priced US brands as well as a significant increase in dealing by Australian and New Zealand brands as they compete to retain market share. Additionally, market share is down in the key New Zealand supermarket channel and is due to aggressive competitor promotional programmes. The Malaysian sales channel has significantly dropped due to weak market sentiment.

The Group's gross profit margin improved from 31.0% to 34.2% quarter-on-quarter on the back of higher sales contribution from the Food Services Division which derives higher margin from their products.

Other operating income recorded at RM6.4 million comprises mainly the reversal of over-provision of incidental costs on disposal of subsidiaries of RM2.8 million, income from held-for-trading investments of RM1.7 million, foreign currency fluctuation gain of RM0.5 million, rental income from corporate building of RM0.4 million and interest income from short term deposits of 0.2 million.

Overall, operating expenses rose to RM42.7 million from RM36.4 million, an increase of RM6.3 million or 17.3%. This was principally due to higher selling and marketing expenses and administrative expenses, which increased by RM7.4 million or 43.4% and RM0.7 million or 7.4%, respectively to support the expansion of Texas Chicken restaurant outlets and San Francisco Coffee outlets, as well as inclusion of operating costs of the newly acquired Delicious restaurant business.

Finance costs increased by RM0.2 million or 20.0%, from RM1.1 million to RM1.3 million mainly due to higher borrowings and additional hire purchase facilities for the new restaurant outlets.

The Group recorded an income tax expense of RM 0.7 million mainly due to increase in profit generated by certain subsidiaries and the non-availability of group relief for losses incurred by certain subsidiaries.

Overall, the Group registered a loss after tax of RM3.0 million, from a loss after tax of RM2.7 million in the previous corresponding Q3FY2016.

Nine Months Ended 30 June 2016

For the nine months period under review, the Group continues to register higher revenue of RM305.4 million as compared to the previous corresponding period of RM270.1 million, an increase of RM35.3 million or 13.1%. This was mainly driven by the better performance from the Food Services Division and Food Processing Divisions, which contributed RM38.5 million and RM0.2 million, respectively. However, these increases were partially impacted by lower sales from the Nutrition, Trading and Frozen Food Divisions of RM1.9 million and RM1.5 million, respectively.

Gross profit margin improved to 33.9% from 29.8% in the previous corresponding period on the back of higher sales contribution from Food Services Division which derives higher margin from their products.

Other income of RM14.6 million comprises mainly the income from held-for-trading investments of RM4.6 million, foreign currency fluctuation gain of RM2.8 million, reversal of over-provision for incidental costs on disposal of subsidiaries of RM2.8 million, rental income from corporate building of RM1.2 million and interest income from short term deposits of 0.8 million.

Overall, operating expenses increased by RM24.0 million or 24.7%, from RM97.1 million to RM121.1 million amid higher selling and marketing expenses and administrative expenses, which increased by RM22.6 million or 50.9% and RM4.4 million or 15.5%, respectively to support the expansion of Texas Chicken restaurant outlets and San Francisco Coffee outlets, as well as inclusion of operating costs of the newly acquired Delicious restaurant business. Other operating expenses of RM0.6 million represent largely the write-off of the renovation and equipment due to relocation of restaurant outlets.

Finance costs increased by RM0.8 million or 27.9%, from RM2.9 million to RM3.7 million primarily due to higher borrowings and additional hire purchase facilities for the new restaurant outlets.

The Group recorded an income tax expense of RM 1.6 million mainly due to increase in profit generated by certain subsidiaries and the non-availability of group relief for losses incurred by certain subsidiaries.

Overall, the Group registered a loss after tax of RM8.3 million, from a profit after tax of RM1.1 million reported in the previous corresponding period.

Review on Statements of Financial Position

Non-current assets increased by RM66.5 million. Property, plant and equipment increased by RM52.0 million largely attributed to the RM41.9 million incurred for the construction of factory buildings and RM16.9 million set up costs incurred for the new restaurant outlets. The Group's investment in available-for-sale financial assets registered a fair value gain of RM10.3 million. Goodwill and brand value of RM1.7 million was provisionally identified following the acquisition of Delicious which contributed to the increase in intangible assets by RM2.0 million.

Inventories increased by RM2.1 million was mainly attributable to the additional new restaurant outlets. Trade and other receivables increased by RM6.3 million was principally due to advance payments to overseas suppliers, deposits and prepayments paid for setting up the new restaurant outlets, and inclusion of the receivables of a newly acquired subsidiary. Part of the cash and bank balances together with the RM26.6 million proceeds from the disposal of held-for-trading investments were utilised for the construction of factory buildings, set up costs for new restaurant outlets and acquisition of a subsidiary. These have resulted in the reduction of the current assets by RM27.8 million.

The Group's current liabilities increased by RM3.6 million mainly due to increase in other payables for the construction of factory buildings and renovation costs of the new restaurant outlets, together with the inclusion of payables from a newly acquired subsidiary. Finance lease payables has also increased by RM1.5 million largely to finance the set up costs for new restaurant outlets.

The Group's non-current liabilities increased by RM32.6 million primarily attributed to higher bank borrowings of RM30.0 million to finance the construction of factory buildings. In addition, the finance lease payables has also increased by RM1.9 million to finance mainly the set-up costs of new restaurant outlets.

Review on Consolidated Statement of Cash Flows

Third Quarter Ended 30 June 2017

The Group recorded a net increase in cash and cash equivalents of RM4.7 million for the current quarter ended 30 June 2017.

Net cash used in operating activities of RM7.3 million largely for the settlement of trade and other payables of RM5.0 million, built-up of inventories of RM2.2 million and income tax payments of RM1.5 million. These were offset against the operating profit generated from operations of RM2.4 million.

For investing activities, the Group utilised RM21.4 million mainly for the purchase of property, plant and equipment. Cash amounting to RM11.6 million were largely raised from the sale of held-for-trading investments, dividend and interest received. These resulted in net cash utilised of RM9.8 million in the investing activities.

For financing activities, the Group has drawdown the bank borrowings of RM43.7 million to finance the construction of factory buildings and additional trade line facilities taken. This amount was reduced by RM22.0 million for the settlement of bank borrowings, hire purchase payables and interest. These resulted the net cash generated in financing activities of RM21.7 million.

Nine Months Ended 30 June 2017

The Group registered a net decrease in cash and cash equivalents of RM13.0 million for the current period ended 30 June 2017.

Net cash used in operating activities of RM6.3 million was due to increase in trade and other receivables of RM4.7 million, settlement of trade and other payables of RM3.0 million, built-up of inventories of RM1.7 million and income tax payments of RM1.8 million. These were offset against the operating profit generated from operations of RM5.9 million.

For investing activities, the Group utilised RM59.3 million mainly for the purchase of property, plant and equipment. Cash amounting to RM29.8 million were largely raised from the sale of held-for-trading investments, dividend and interest received. These resulted in net cash utilised of RM29.5 million in the investing activities.

For financing activities, the Group has drawdown the bank borrowings of RM93.0 million to finance the construction of factory buildings and additional trade line facilities taken. This amount was reduced by RM70.2 million for the settlement of bank borrowings, hire purchase payables and interest. These resulted the net cash generated in financing activities of RM22.8 million.

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

Not applicable.

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

a) Trading and Frozen Food Division

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

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

Going forward for the next quarter, it is expected that prices will continue to increase. On the positive side, export to Singapore market will commence after the appointment of a distributor.

b) Food Services Division

Prices of most raw materials have been stable with the slight recovery of the Ringgit against US Dollar. For bone-in-chicken price remains unchanged based on existing contracts. However, there are indications that prices will increase on expiry of the contracts from early 2018. Higher rebates have been obtained from certain suppliers on achievement of targeted volume. Overall, Texas Chicken should be able to negotiate for better prices of most food costs to mitigate any price increase as it will be in a better bargaining position as volume grows in tandem with the increasing number of outlets. The Division also constantly source for new suppliers to complement its growing business to ensure the lowest prices are obtained.

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

The top line of existing stores continues to strengthen on the back of the success of the operations executions, marketing strategy and limited time offers together with the growing number of outlets. Because of the continuing strength of Texas Chicken, it has been attracting offers from malls and shop lots in and outside the Klang Valley. This has enable Texas Chicken to improve the site selections and rental terms. For the current quarter, Texas has opened one store located in Alor Setar bringing to date a total of 35 stores. For the next quarter, a total of four stores have been scheduled to open.

Prices of raw materials for San Francisco Coffee has been stable since the slight recovery of the Ringgit against the US Dollar except for green beans. Alternative sourcing for alternative suppliers to mitigate the potential price increase has yielded some positive results for imported raw materials like syrups and local cups and lids. Milk price remains stable.

Competition is expected to heat up with the openings of new coffee chains Doutor, Costa and Paul Coffee from Japan, United Kingdom and France, respectively and local homegrown brand, Espresso Lab, has started to compete with San Francisco Coffee by targeting office buildings. Prices of its drinks are on par with major competitors while food prices are lower to drive traffic to the stores.

As at the current quarter, San Francisco Coffee has opened five new stores and another store at Melawati Mall on 26 July 2017, bringing the total number of stores to 37 to date.

In conjunction with San Francisco Coffee's 20th anniversary on 8 August 2017, it launched a new logo with a refreshed menu and store concepts to the media agencies, landlords, suppliers and bankers. The new concept will enable the brand to make a presence in malls and lifestyle market, diversifying from the current niche market which focuses mainly on office buildings.

c) Nutrition Division

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

Following a period of steady rises in international prices for milk powder in recent months however in the last month prices have softened confirming the widely-held view that the worldwide supply position has reached a level of equilibrium. Prices for specialised whey proteins purchased for the manufacture of Horleys products do not always directly follow the price trends for Whole and Skim milk however prices have been steadily climbing again over recent months. The increased price of whey proteins however has been to some extent offset by a combination of a favourable exchange rate between the New Zealand and Australian dollar as well as a change in the weighting of the total business sales toward the New Zealand market. The company predominantly draws their specialised protein ingredients exclusively from Fonterra Cooperative, New Zealand's pre-eminent dairy product supplier. All remaining raw materials and packaging requirements are actively tendered via the company's contracted powder products manufacturer on an open book costing basis.

The Division markets their range of sports nutrition and weight management products under the Horleys brand. The Horleys brand had been losing market share in the key New Zealand supermarket channel for a period and is now 23%* market share of New Zealand key accounts. The aggressive promotional programme being activated by key competitor, Vitaco, continues to be the primary reason for the loss of market share.
(* reference obtained from Aztec Data dated 25 June 2017)

In the traditional channel for sales of sports and weight management supplements being gyms, health food and supplement shop channel Horleys have for some period lost market share. This has been primarily due to more competitively priced US brands as well as significant increase in dealing by Australian and New Zealand brands as they fight desperately to retain some market share.

The Horleys marketing team have reviewed each of Horleys product sub ranges and are progressively relaunching these ranges to better address consumer needs and strengthen and simplify the 'call outs' on the product labels. To date they have completed the re-launch of the *'Training Series'* product range which are entry level products sold primarily in supermarkets as well as the *'Sculpt'* women's shaping protein range While it is early to gauge the response to the new products there does appear to be an improved uptake to date. The current focus is on the re-development of products within the *Elite* range which are targeted at heavier users. The planned re-launch of this range is scheduled for the second quarter of FY2018. The marketing team are also developing an exciting new E-Commerce strategy which will ensure Horleys enjoy a significant share of these rapidly growing opportunity.

d) Food Processing Division

(i) Bakery

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

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

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

(ii) Butchery

The continued increase in prices of imported meat in the current quarter has weighed down on the revenue and profit margins. Selling prices, controlled by the Price Control and Anti-Profiteering Act, remain competitive and coupled with the subdued spending of consumers, it will be very challenging to maintain current revenue. Other than the continuous effort in negotiating with major customers for price increase, costs reduction measures have also been undertaken to mitigate the impact on the increased costs.

Consumers' sentiment has been affected by the weak Ringgit and the implementation of the Goods and Services Tax and state of global economy. Retail customers are switching to lower quality meat that the Division cannot compete in. To counteract the impact, the Division has introduced more products into the market, with focus on the retail pack of 100gm which is still very strong in the local market. A new more attractive packaging for the 100gm will be launch soon to sustain market interest. Promotions and roadshows are ongoing to promote its products and has now penetrated into the new markets in Sabah and Sarawak. After successful testing, export to Singapore will commence once a distributor has been identified.

(iii) Beverages

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

(iv) Contract Packing for Dairy and Juice Based Drinks

Demand for PET Aseptic products continues to grow within Australia and New Zealand. There are no major PET Aseptic manufacturers with any significant capacity in the region to compete with EDNZ at this time. However, there is a new aseptic co-packer bottling juice smoothies and dairy, starting in Whakatu in the early 2018 which may have some impact on the Company's business.

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

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

11 If a decision regarding dividend has been made:-

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

No.

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

Not applicable.

(ii) Previous corresponding period (RM sen)

Not applicable.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been declared/recommended for the period ended 30 June 2017.

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

Not applicable as no IPT mandate has been obtained.

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

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

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

We, Dato' Kamal Y P Tan (Group CEO) and Dato' Jaya J B Tan (Chairman), being two directors of the Company, do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the third quarter ended 30 June 2017 to be false or misleading in any material respect. A statement signed by us is on record.

BY ORDER OF THE BOARD
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Dato' Kamal Y P Tan
Group CEO

11 August 2017