



**ENVICTUS INTERNATIONAL HOLDINGS LIMITED**

(Company Registration No. 200313131Z)

**Condensed Interim Financial Statements  
For the Six Months Ended 31 March 2023**

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

		Group		
	Note	6 months ended 31.3.2023 RM'000	6 months ended 31.3.2022 RM'000	Change %
Revenue	4	280,064	238,665	17.3
Cost of sales		(171,153)	(148,761)	15.1
Gross profit		108,911	89,904	21.1
Other income		4,513	11,428	(60.5)
Operating expenses				
Administrative expenses		(19,490)	(18,491)	5.4
Selling and marketing expenses		(83,673)	(66,783)	25.3
Warehouse and distribution expenses		(10,822)	(9,843)	9.9
Research and development expenses		(536)	(712)	(24.7)
Other operating expenses		(372)	(1,795)	(79.3)
		(114,893)	(97,624)	17.7
(Loss)/Profit before interest and income tax		(1,469)	3,708	>100
Finance costs		(9,495)	(11,263)	(15.7)
Loss before taxation	5	(10,964)	(7,555)	45.1
Taxation	7	(1,494)	(1,591)	(6.1)
<b>Loss for the financial period</b>		<b>(12,458)</b>	<b>(9,146)</b>	<b>36.2</b>
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss (net of tax)</i>				
Exchange differences on translation of foreign operations (net)		(1,044)	903	>100
<i>Items that will not be reclassified subsequently to profit or loss (net of tax)</i>				
Net fair value changes on financial assets at FVOCI		(2,999)	(15)	>100
<b>Total other comprehensive income for the period</b>		<b>(4,043)</b>	<b>888</b>	<b>&gt;100</b>
<b>Total comprehensive income for the period</b>		<b>(16,501)</b>	<b>(8,258)</b>	<b>99.8</b>
<b>Loss attributable to:</b>				
Owners of the Company		(12,458)	(9,146)	36.2
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		(16,501)	(8,258)	99.8
<b><u>Loss per share for the period attributable to the owners of the Company (RM sen):</u></b>				
Basic and diluted	8	(4.66)	(3.70)	25.9

**B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

		Group		Company	
		As at 31.3.2023 RM'000	As at 30.9.2022 RM'000	As at 30.9.2023 RM'000	As at 30.9.2022 RM'000
Note					
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment*	11	316,547	392,114	-	-
Investment property	12	18,542	19,992	-	-
Investments in subsidiaries		-	-	341,947	326,737
Financial assets at fair value through other comprehensive income ("FVOCI")	13	7,133	9,862	6,883	9,597
Deferred tax assets		308	308	-	-
Intangible assets	14	28,904	26,353	-	-
<b>Total non-current assets</b>		<b>371,434</b>	<b>448,629</b>	<b>348,830</b>	<b>336,334</b>
<b>Current assets</b>					
Inventories		61,059	49,603	-	-
Trade and other receivables		56,179	72,087	57,596	43,378
Cash and bank balances		19,545	16,760	3,915	1,259
		<b>136,783</b>	<b>138,450</b>	<b>61,511</b>	<b>44,637</b>
Non-current assets classified as held for sale	15	75,534	-	-	-
<b>Total current assets</b>		<b>212,317</b>	<b>138,450</b>	<b>61,511</b>	<b>44,637</b>
<b>Total assets</b>		<b>583,751</b>	<b>587,079</b>	<b>410,341</b>	<b>380,971</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		92,687	90,296	22,922	23,341
Amount due to directors		7,000	13,846	7,000	13,846
Bank borrowings	16	117,548	84,946	-	-
Lease liabilities		23,076	23,075	-	-
Current income tax payable		268	166	-	-
<b>Total current liabilities</b>		<b>240,579</b>	<b>212,329</b>	<b>29,922</b>	<b>37,187</b>
<b>Non-current liabilities</b>					
Bank borrowings	16	54,970	101,816	-	-
Lease liabilities		107,256	106,116	-	-
Provision for restoration costs		4,899	4,544	-	-
Deferred tax liabilities		3,542	3,542	-	-
<b>Total non-current liabilities</b>		<b>170,667</b>	<b>216,018</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>411,246</b>	<b>428,347</b>	<b>29,922</b>	<b>37,187</b>
<b>NET ASSETS</b>		<b>172,505</b>	<b>158,732</b>	<b>380,419</b>	<b>343,784</b>
<b>EQUITY</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	17	208,139	177,865	208,139	177,865
Treasury shares	17	(183)	(183)	(183)	(183)
Accumulated (losses)/profits		(38,188)	(25,730)	125,024	126,442
Foreign currency translation reserve		33,235	33,497	75,544	63,999
Fair value reserve		(28,104)	(24,323)	(28,105)	(24,339)
Other reserve		(2,394)	(2,394)	-	-
<b>Total equity</b>		<b>172,505</b>	<b>158,732</b>	<b>380,419</b>	<b>343,784</b>

\* Includes right-of-use assets

**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

Group	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Other reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2022	177,865	(183)	33,497	(24,323)	(2,394)	(25,730)	158,732
Loss for the financial period	-	-	-	-	-	(12,458)	(12,458)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(262)	(782)	-	-	(1,044)
Net fair value loss on financial assets at FVOCI	-	-	-	(2,999)	-	-	(2,999)
Total other comprehensive income	-	-	(262)	(3,781)	-	-	(4,043)
Total comprehensive income	-	-	(262)	(3,781)	-	(12,458)	(16,501)
Transaction with owners							
Issuance of share capital	30,274	-	-	-	-	-	30,274
At 31 March 2023	208,139	(183)	33,235	(28,104)	(2,394)	(38,188)	172,505
At 1 October 2021	177,865	(183)	29,324	(23,818)	(2,394)	(19,239)	161,555
Loss for the financial period	-	-	-	-	-	(9,146)	(9,146)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	1,122	(219)	-	-	903
Net fair value loss on financial assets at FVOCI	-	-	-	(15)	-	-	(15)
Total other comprehensive income	-	-	1,122	(234)	-	-	888
Total comprehensive income	-	-	1,122	(234)	-	(9,146)	(8,258)
At 31 March 2022	177,865	(183)	30,446	(24,052)	(2,394)	(28,385)	153,297

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

Company	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Accumulated profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2022	177,865	(183)	63,999	(24,339)	126,442	343,784
Loss for the financial period	-	-	-	-	(1,418)	(1,418)
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	11,545	(782)	-	10,763
Net fair value loss on financial assets at FVOCI	-	-	-	(2,984)	-	(2,984)
Total other comprehensive income	-	-	11,545	(3,766)	-	7,779
Total comprehensive income	-	-	11,545	(3,766)	(1,418)	6,361
Transaction with owners Issuance of share capital	30,274	-	-	-	-	30,274
At 31 March 2023	208,139	(183)	75,544	(28,105)	125,024	380,419
At 1 October 2021	177,865	(183)	46,623	(23,884)	143,314	343,735
Loss for the financial period	-	-	-	-	(5,953)	(5,953)
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	3,342	(218)	-	3,124
Total other comprehensive income	-	-	3,342	(218)	-	3,124
Total comprehensive income	-	-	3,342	(218)	(5,953)	(2,829)
At 31 March 2022	177,865	(183)	49,965	(24,102)	137,361	340,906

**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Group</b>	
	<b>6 months ended 31.3.2023 RM'000</b>	<b>6 months ended 31.3.2022 RM'000</b>
<b>Operating activities</b>		
Loss before taxation	(10,964)	(7,555)
<b>Adjustments for:</b>		
Loss allowance on receivables, net	34	537
Amortisation of intangible assets	248	243
Depreciation of property, plant and equipment	22,786	22,052
Depreciation of investment property	211	224
Finance costs	9,495	11,263
Foreign currency exchange (gain)/loss, net	(1,545)	861
Gain on disposal of property, plant and equipment, net	-	(87)
Gain on disposal of assets classified as held for sale	-	(3,714)
Loss on liquidation of a subsidiary	82	-
Interest income	(105)	(58)
Gain on lease modifications and reassessments	(145)	-
Property, plant and equipment written off	347	682
Rent concession	(219)	(2,094)
Reversal of impairment on property, plant and equipment	-	(80)
<b>Operating profit before working capital changes</b>	<b>20,225</b>	<b>22,274</b>
<b>Working capital changes:</b>		
Inventories	(11,456)	5,956
Trade and other receivables	3,819	(6,876)
Trade and other payables	2,510	(17,497)
Cash generated from operations	15,098	3,857
Interest paid	(935)	(626)
Income tax paid, net	(1,332)	(598)
<b>Net cash generated from operating activities</b>	<b>12,831</b>	<b>2,633</b>
<b>Investing activities</b>		
Interest received	105	58
Deposit from disposal of assets classified as held for sale	-	3,533
Proceeds from disposal of property, plant and equipment	11,073	87,342
Purchase of intangible assets	(2,788)	(360)
Purchase of property, plant and equipment	(8,310)	(11,242)
<b>Net cash generated from investing activities</b>	<b>80</b>	<b>79,331</b>
<b>Financing activities</b>		
Interest paid	(8,560)	(10,701)
Proceeds from warrant exercise	30,274	-
(Repayment to)/Advances from directors	(6,846)	4,729
Repayment of lease obligations	(11,783)	(9,607)
Drawdown of bank borrowings	30,789	67,775
Repayment of bank borrowings	(43,806)	(143,589)
<b>Net cash used in financing activities</b>	<b>(9,932)</b>	<b>(91,393)</b>
<b>Net change in cash and cash equivalents</b>	<b>2,979</b>	<b>(9,429)</b>
Cash and cash equivalents at the beginning of the financial period	14,918	16,373
Effect of exchange rate changes	43	(4)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>17,940</b>	<b>6,940</b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	19,545	10,885
Less: Pledged fixed deposits	(1,605)	(615)
Less: Bank overdrafts	-	(3,330)
	<b>17,940</b>	<b>6,940</b>

**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 six months ended 31 March 2023 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 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 ended 31 March 2023 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 2022.

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.

**Going concern assumption**

The Group recorded a net loss of RM12,458,000 for the six months ended 31 March 2023. The Group's net current liabilities and capital commitment contracted but not provided for as at 31 March 2023 were RM28,262,000 and RM1,037,000, respectively.

Due to the non-compliance of the financial covenant by a subsidiary in relation to the maintenance of positive tangible net worth as at 31 March 2023, certain long-term bank borrowings with total amount of RM9,314,000 have been reclassified to current liabilities. The Group is still in discussion with the banks and there is no indication that the banks will request for early repayment of the outstanding amount as of the date when these financial statements were approved by the Directors. Excluding these long-term borrowings that were reclassified to current liabilities, the Group's negative working capital would be RM18,948,000.

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 18) 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 2022.

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 2022.

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 – butchery; and
- d) Dairies Division – manufacturing and distribution of condensed and evaporated milk.

**4.1 Reportable segments****Six months ended 31 March 2023**

<b>Group</b>	<b>Food Services</b>	<b>Trading and Frozen Food</b>	<b>Food Processing</b>	<b>Dairies</b>	<b>Unallocated</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>						
Total revenue	150,935	91,307	-	85,678	5,604	333,524
Intersegment revenue	(1)	(8,701)	-	(39,154)	(5,604)	(53,460)
Revenue from external customers	150,934	82,606	-	46,524	-	280,064
Segment results	(4,672)	7,074	139	(471)	(3,644)	(1,574)
Interest income	39	48	1	-	17	105
Finance costs	(6,051)	(645)	(801)	(1,562)	(436)	(9,495)
<b>(Loss)/Profit before tax</b>	<b>(10,684)</b>	<b>6,477</b>	<b>(661)</b>	<b>(2,033)</b>	<b>(4,063)</b>	<b>(10,964)</b>
Income tax	(7)	(1,425)	-	-	(62)	(1,494)
<b>(Loss)/Profit from operations</b>	<b>(10,691)</b>	<b>5,052</b>	<b>(661)</b>	<b>(2,033)</b>	<b>(4,125)</b>	<b>(12,458)</b>
<b>Segment assets</b>	<b>238,666</b>	<b>110,718</b>	<b>41,265</b>	<b>112,535</b>	<b>80,567</b>	<b>583,751</b>
<b>Segment liabilities</b>	<b>222,919</b>	<b>36,224</b>	<b>36,407</b>	<b>83,033</b>	<b>32,663</b>	<b>411,246</b>
<b>Other information</b>						
Additions to property, plant and equipment	20,708	67	116	323	1,517	22,731
Additions to intangible assets	2,777	9	-	2	-	2,788
Depreciation and amortisation	17,042	1,783	1,830	1,415	1,175	23,245
Loss allowance on receivables, net	-	(75)	-	119	(10)	34
Gain on lease modifications and reassessments	(145)	-	-	-	-	(145)
Property, plant and equipment written off	347	-	-	-	-	347

**4.1 Reportable segments (Continued)****Six months ended 31 March 2022**

Group	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Dairies RM'000	Unallocated RM'000	Total RM'000
<b>Revenue</b>						
Total revenue	127,143	78,154	13,821	48,260	3,234	270,612
Intersegment revenue	(21)	(8,432)	(367)	(19,893)	(3,234)	(31,947)
Revenue from external customers	127,122	69,722	13,454	28,367	-	238,665
Segment results	6,708	6,443	(1,275)	(5,778)	(2,448)	3,650
Interest income	27	30	1	-	-	58
Finance costs	(6,044)	(420)	(2,893)	(1,489)	(417)	(11,263)
<b>Profit/(Loss) before tax</b>	691	6,053	(4,167)	(7,267)	(2,865)	(7,555)
Income tax	(3)	(1,579)	-	-	(9)	(1,591)
<b>Profit/(Loss) from operations</b>	688	4,474	(4,167)	(7,267)	(2,874)	(9,146)
<b>Segment assets</b>	225,155	99,609	44,380	94,627	101,071	564,842
<b>Segment liabilities</b>	211,151	32,899	41,914	82,230	43,351	411,545
<b>Other information</b>						
Additions to property, plant and equipment	20,389	420	39	409	82	21,339
Additions to intangible assets	245	100	15	-	-	360
Depreciation and amortisation	15,960	2,013	2,023	1,376	1,147	22,519
Loss allowance on receivables, net	-	723	(313)	138	(11)	537
Property, plant and equipment written off	681	1	-	-	-	682
Gain on disposal of assets held for sale	-	-	-	-	(3,714)	(3,714)
Gain on sale of customer portfolio	-	-	(893)	-	-	(893)
Gain on disposal of property, plant and equipment	-	-	(87)	-	-	(87)

**4.2 Geographical segments****Six months ended 31 March 2023**

Group	Malaysia RM'000	Asean RM'000	Middle East RM'000	Total RM'000
Total revenue from external customers	277,847	1,218	999	280,064
Segment non-current assets	363,993	-	-	363,993

**Six months ended 31 March 2022**

Group	Malaysia RM'000	China RM'000	Asean RM'000	Africa RM'000	Total RM'000
Total revenue from external customers	234,845	734	679	2,407	238,665
Segment non-current assets	442,635	-	-	-	442,635

**5. Loss before taxation**

	<b>Group</b>	
	<b>6 months ended 31.3.2023 RM'000</b>	<b>6 months ended 31.3.2022 RM'000</b>
Loss allowance on receivables, net	34	537
Amortisation of intangible assets	248	243
Depreciation of property, plant and equipment	22,786	22,052
Depreciation of investment property	211	224
Lease expenses on:		
- Short-term leases/low value assets	5,581	4,341
- Rent concession	(219)	(2,094)
Payroll subsidies	(823)	(3,162)
Finance costs	9,495	11,263
Foreign currency exchange (gain)/loss, net	(1,470)	1,096
Gain on disposal of assets classified as held for sale	-	(3,714)
Gain on disposal of property, plant and equipment	-	(87)
Gain on lease modifications and reassessments	(145)	-
Property, plant and equipment written off	347	682

**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.

	<b>Group</b>	
	<b>6 months ended 31.3.2023 RM'000</b>	<b>6 months ended 31.3.2022 RM'000</b>
Insurance premium paid to a related party	1,203	1,105
Purchase of goods from a related party	150	244
Purchase of motor vehicle and service from related parties	228	3
Rental income	59	89
Consultancy fees paid to a Director	108	108
Advisory fees paid to a Director	43	241

**7. Taxation**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>Group</b>	
	<b>6 months ended 31.3.2023 RM'000</b>	<b>6 months ended 31.3.2022 RM'000</b>
Current income tax expense		
- Current year	1,432	1,571
- Over provision in prior year	-	(1)
- Withholding tax	62	21
	1,494	1,591

**8. Loss per share**

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

	<b>Group</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>31.3.2023</b>	<b>31.3.2022</b>	
Net loss attributable to owners of the Company for the financial period (RM '000)	(12,458)	(9,146)	
Weighted average number of ordinary shares in issue	267,126,539	247,114,403	
Basic/diluted loss per share (RM sen)	(4.66)	(3.70)	

In the previous financial period, diluted loss per share is the same as the basic loss per share because the potential ordinary shares which are the warrants are anti-dilutive.

**9. Net asset value per share**

	<b>Group</b>	<b>As at</b>	<b>As at</b>	<b>Company</b>	<b>As at</b>
	<b>31.3.2023</b>	<b>30.9.2022</b>	<b>31.3.2023</b>	<b>30.9.2022</b>	<b>30.9.2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net asset value per ordinary share based on issued share capital at the end of the financial period/year	0.57	0.64	1.25	1.39	

**10. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 March 2023 and 30 September 2022:

		<b>Group</b>	<b>As at</b>	<b>As at</b>	<b>Company</b>	<b>As at</b>	<b>As at</b>
	<b>Note</b>	<b>31.3.2023</b>	<b>30.9.2022</b>	<b>31.3.2023</b>	<b>30.9.2022</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>		
<b>Financial assets</b>							
Trade and other receivables*		49,895	64,327	57,511	43,300		
Cash and bank balances		19,545	16,760	3,915	1,259		
Financial assets at amortised costs		69,440	81,087	61,426	44,559		
Financial assets at fair value through other comprehensive income (FVOCI)	13	7,133	9,862	6,883	9,597		
Total financial assets		76,573	90,949	68,309	54,156		
<b>Financial liabilities</b>							
Trade and other payables**		89,838	87,078	22,922	23,341		
Amount due to directors		7,000	13,846	7,000	13,846		
Bank borrowings	16	172,518	186,762	-	-		
Lease liabilities		130,332	129,191	-	-		
Financial liabilities at amortised costs, representing total financial liabilities		399,688	416,877	29,922	37,187		

\* 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 six months ended 31 March 2023, the Group acquired and disposed of assets amounting to RM22,731,000 (31 March 2022: RM21,339,000) and RM Nil (31 March 2022: RM95,000) respectively.

**12. Investment property**

	<b>Group</b>	
	<b>31.3.2023</b>	<b>30.9.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>		
At the beginning of the financial period/year	23,103	23,103
Reclassification to property, plant and equipment	(1,433)	-
At the end of the financial period/year	<u>21,670</u>	<u>23,103</u>
<b>Accumulated depreciation</b>		
At the beginning of the financial period/year	3,111	2,662
Depreciation for the financial period/year	211	449
Reclassification to property, plant and equipment	(194)	-
At the end of the financial period/year	<u>3,128</u>	<u>3,111</u>
<b>Net carrying amount</b>	<u>18,542</u>	<u>19,992</u>

**12.1 Valuation**

As at 31 March 2023, the fair value of the Group's investment property is RM50,894,000 (30 September 2022: RM52,000,000). The leasehold land and building ("office building") is partially owner-occupied where the net carrying amount of RM18,242,000 (30 September 2022: RM17,210,000) 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, management take into consideration for key attributes such as property size, tenure, location, condition and prevailing market conditions.

The resulting fair value of investment property is considered Level 3 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:

- Quoted prices (unadjusted) in active markets for identified assets or liabilities (**Level 1**);
- 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
- 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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31.3.2023</b>				
<b>Group</b>				
<b>Financial assets</b>				
FVOCI investments	<u>7,133</u>	<u>-</u>	<u>-</u>	<u>7,133</u>
<b>Company</b>				
<b>Financial assets</b>				
FVOCI investments	<u>6,883</u>	<u>-</u>	<u>-</u>	<u>6,883</u>

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

The following table presented the assets measured at fair value: (Continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>30.9.2022</b>				
<b>Group</b>				
<b>Financial assets</b>				
FVOCI investments	9,862	-	-	9,862
<b>Company</b>				
<b>Financial assets</b>				
FVOCI investments	9,597	-	-	9,597

**14. Intangible assets**

Group	Goodwill RM'000	Trademarks RM'000	Computer Software RM'000	Franchise fee RM'000	Total RM'000
<b>Cost</b>					
At 1 October 2022	19,059	10,398	1,970	8,692	40,119
Additions	-	-	11	2,777	2,788
Reclassified to assets held for sale	-	-	(104)	-	(104)
Currency realignment	-	23	-	-	23
At 31 March 2023	19,059	10,421	1,877	11,469	42,826
<b>Accumulated amortisation</b>					
At 1 October 2022	-	-	1,749	2,930	4,679
Amortisation charge	-	-	41	207	248
Reclassified to assets held for sale	-	-	(92)	-	(92)
At 31 March 2023	-	-	1,698	3,137	4,835
<b>Accumulated impairment</b>					
At 1 October 2022/ 31 March 2023	2,020	7,067	-	-	9,087
<b>Net carrying amount</b>					
At 31 March 2023	17,039	3,354	179	8,332	28,904
<b>Cost</b>					
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
<b>Accumulated amortisation</b>					
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
<b>Accumulated impairment</b>					
At 1 October 2021/ 30 September 2022	2,020	7,067	-	-	9,087
<b>Net carrying amount</b>					
At 30 September 2022	17,039	3,331	221	5,762	26,353

**14. Intangible assets (Continued)**

During the financial period/year, the Group paid franchise fees for renewal of franchise agreement to extend the franchise period to 2030 and new stores of RM2,777,000 (30 September 2022: RM2,890,000) 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.

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.

	<b>Food services %</b>	<b>Trading and frozen food %</b>
<b>31.3.2023</b>		
Gross margin <sup>(1)</sup>	55.98 – 69.73	20.98
Sales growth rate <sup>(2)</sup>	10.00 – 12.37	10.89
Discount rate <sup>(3)</sup>	13.66 – 16.06	13.57
<b>30.9.2022</b>		
Gross margin <sup>(1)</sup>	55.98 – 69.73	20.98
Sales growth rate <sup>(2)</sup>	10.00 – 12.37	10.89
Discount rate <sup>(3)</sup>	13.66 – 16.06	13.57

<sup>(1)</sup> Average budgeted gross margin.

<sup>(2)</sup> Average revenue growth rate for:

- Food Services : 5-year period for coffee chain and 10-year period for fast food restaurant; and
- Trading and Frozen Food : 5-year period.

<sup>(3)</sup> 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.

**Revenue 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 – 10 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 CGUs.

The budgeted period of 10 years used for fast food restaurants due to the renewal of the franchise agreement for another 10 years.

**15. Non-current assets classified as held for sale**

The Group had commenced negotiations with PrimaBaguz Foods Sdn Bhd in early February 2023 which culminated in the Group entering into two separate conditional sale and purchase agreements on 10 May 2023 for the sale of the following assets:

- i) 100% equity interest in Gourmessa Sdn Bhd and Assets by Pok Brothers Sdn Bhd for an aggregate consideration of RM57.0 million (both companies are indirect subsidiaries of the Company);

Assets comprise all assets in relation to the operations of the Warehouse and Cold Storage Facility located at Pulau Indah, Selangor.

- ii) Sale of 2 pieces of leasehold land held under Lot numbers PT 129334 and 129335 located at Pulau Indah, Selangor for an aggregate consideration of RM29.0 million.

On 10 May 2023, a 3% retention sum of RM0.87 million has been held by purchaser's solicitors for real property gain tax. The total amount of RM51.13 million will be received on sale completion date and the remaining RM34.0 million will be received on the date falling 18 months from the date of completion (deferred payment).

Accordingly, the following non-current assets in relation to Proposed Disposals were reclassified as assets held for sale in the consolidated statement of financial position during the financial period.

<b>Group</b>	<b>As at 31.3.2023 RM'000</b>
Property, plant and equipment	75,522
Intangible assets	12
	<u>75,534</u>

**16. Bank borrowings**

<b>Group</b>	<b>As at 31.3.2023 RM'000</b>	<b>As at 30.9.2022 RM'000</b>
<b>Secured:</b>		
<b>Amount repayable within one year or on demand</b>		
Bank borrowings	117,548	84,946
Lease liabilities (finance lease)	6,605	6,194
	<u>124,153</u>	<u>91,140</u>
<b>Amount repayable after one year</b>		
Bank borrowings	54,970	101,816
Lease liabilities (finance lease)	10,994	13,675
	<u>65,964</u>	<u>115,491</u>
<b>Total</b>	<b><u>190,117</u></b>	<b><u>206,631</u></b>

Long term borrowings of RM41,105,000 that are related to the non-current assets reclassified as assets held for sale have been reclassified to short term borrowings in current liabilities.

The Group's bank borrowings as at 31 March 2023 are secured against the following:

- ⇒ Pledge of certain leasehold land, freehold land and buildings;
- ⇒ Pledge of fixed deposit of subsidiaries;
- ⇒ 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.

**16. Bank borrowings (Continued)**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 31 March 2023.

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 of RM9,314,000 (30 September 2022: RM11,754,000) million have been reclassified to current liabilities. The Group is still in discussion with the banks and there is no indication that the banks will request for 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	31.3.2023			30.9.2022		
	Number of shares	Amount S\$'000	Amount RM'000	Number of shares	Amount S\$000	Amount RM'000
<b><u>Share capital</u></b>						
<b>Issued and fully paid:</b>						
At beginning of the financial period/year	247,356,403	68,511	177,865	247,356,403	68,511	177,865
Addition during the financial period	57,066,950	9,131	30,274	-	-	-
At end of the financial period/year	304,423,353	77,642	208,139	247,356,403	68,511	177,865
<b><u>Treasury shares</u></b>						
At beginning of the financial period/year	242,000	76	183	242,000	76	183

During the financial period, the Group raised S\$9,131,000 (approximately RM30,274,000) from 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.

As at 31 March 2023, the total number of issued shares excluding treasury shares of the Company was 304,181,353 shares (30 September 2022: 247,114,403 shares).

**18. Utilisation of proceeds from warrants exercise**

On 25 November 2022, the Group raised S\$9,131,000 (approximately RM30,274,000) from 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. As at 15 May 2023, the utilisation of proceeds from warrant exercise was as follow:

	RM'000
Repayment of bank borrowings	1,321
Repayment of amount due to directors	8,624
Expansion of existing businesses	1,000
Capital expenditure	372
Working capital	
- Trade and non-trade suppliers	11,819
- Rental	923
- Directors' fee	1,016
- Staff costs and consultancy fee	1,078
- Consultancy fee	677
- Other operating expenses	891
Total	27,721

The unutilised amount of the warrant proceeds was RM2,232,000 as at 15 May 2023.

**19. Subsequent events**

The Group has no significant event subsequent to 31 March 2023 except for the proposed disposals as disclosed in Note E.15.

**F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2****1. Review**

The condensed consolidated statement of financial position of Envictus International Holdings Limited and its subsidiaries as at 31 March 2023 and the related condensed consolidated statement of 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 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 - butchery; and
- d) Dairies Division – manufacturing and distribution of condensed and evaporated milk.

**Review on Consolidated Statement of Comprehensive Income**

The Group's revenue improved 17.3% to RM280.1 million from RM238.7 million in the previous corresponding period, driven by the improved performance from all the segments following the recovery of economy and opening of borders.

The Food Services Division's revenue surged 18.7% to RM150.9 million from RM127.1 million, largely contributed from Texas Chicken restaurants in Malaysia. Texas Chicken's revenue increased 19.4% from RM109.9 million to RM131.2 million on the back of eight new store contributions and comparable stores sales growth. This was further boosted by better performance from San Francisco Coffee chains with topline edging up 14.5% from RM17.2 million to RM19.7 million on additional two stores and existing store sales growth.

Number of stores of each business are as follows:

	As at 31.3.2023	As at 31.3.2022
Texas Chicken Malaysia	93	85
San Francisco Coffee	48	46

The Trading and Frozen Food Division reported a topline growth of 18.5% to RM82.6 million from RM69.7 million, buoyed by improved sales from hotel and restaurant sectors due to increase in local consumer demand and tourist arrivals following the reopening of economy and borders.

Revenue of the Dairies Division improved 63.7% from RM28.4 million to RM46.5 million, driven by higher sales volume and increase in selling price.

No revenue was recorded for Food Processing Division following the cessation of bakery business in February 2022 compared with the revenue of RM13.5 million generated in the previous corresponding period.

Gross profit margin has increased by 1.2% to 38.9% mainly contributed from the Dairies Division due to higher production volume and increase in selling price. This was partly offset by reduction in margin from other divisions due to elevated costs in raw materials and operating expenses.

Other operating income of RM4.5 million comprised mainly of gain from foreign currency fluctuation and payroll subsidies from the government. In the previous financial period, other operating income of RM11.4 million comprised mainly of gain on disposal of property, plant and equipment and payroll subsidies from the government.

Overall, operating expenses increased by 17.7% from RM97.6 million to RM114.9 million primarily attributable to the higher selling and marketing expenses of RM16.9 million due to the followings:

- i) Expansion of Texas Chicken restaurants;
- ii) Increase in labor costs following the amendment to the Employment Act to increased minimum wage and higher overtime costs;
- iii) Higher rental mainly due to certain leases have renewed to a short-term leases that are recognised as rental expense instead of accounted under SFRS 16, coupled with the increase in Gross Turnover (GTO) rent percentage for certain leases.
- iv) Absence of rental rebates from the landlord that benefited the Group in the previous corresponding period.

Other operating expenses reduced by RM1.4 million in the absence of foreign currency fluctuation loss of RM1.1 million in the previous corresponding period.

Finance costs decreased 15.7% from RM11.3 million to RM9.5 million primarily due to lower bank borrowings.

Income tax charge of RM1.5 million is on profit generated by a subsidiary due to none availability of group relief.

Consequently, the Group recorded a loss after tax of RM12.5 million compared with RM9.1 million in the previous corresponding period.

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

Non-current assets decreased by RM77.2 million was largely due to the reclassification of RM75.5 million property, plant and equipment in relation to the proposed disposal of assets to current assets classified as held for sale, coupled with the RM2.7 million fair value loss on investment recognised through other comprehensive income.

Current assets (excluding non-current assets held for sale) decreased by RM1.7 million mainly due to reduction in trade and other receivables of RM15.9 million following the receipt of balance sum of RM11.1 million from the disposal of land. This was partially offset by increase in inventories of RM11.5 million due to higher sales volume and additional new stores, as well as higher cash and bank balances of RM2.8 million.

Current liabilities increased by RM28.3 million mainly due to increase in bank borrowings arising from the reclassification of long-term borrowings of RM41.1 million to current liabilities that are related to the proposed disposal of assets, offset partially by repayment of bank borrowings of RM8.5 million and reduction of amount owing to directors of RM6.8 million.

Non-current liabilities decreased by RM45.4 million mainly due to the reclassification of bank borrowings of RM41.1 million to current liabilities.

The Group has a negative working capital of RM28.3 million as at 31 March 2023. Due to the non-compliance of the financial covenant by a subsidiary in relation to the maintenance of positive tangible net worth as at 31 March 2023, certain long-term bank borrowings of RM9.3 million have been reclassified to current liabilities. The Group is still in discussion with the banks and there is no indication that the banks will request for early repayment of the outstanding amount as of the date when these financial statements were approved by the Directors. Excluding these long-term borrowings that were reclassified to current liabilities, the Group's negative working capital would be RM19.0 million.

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 trade and other creditors to extend the existing credit terms;
- (d) Proposed monetisation of non-core and non-profitable assets of the Group. On 10 May 2023, the Group has entered into two separate conditional sale and purchase agreements to dispose a loss-making butchery business and assets as disclosed in Note E.15 above. The Group plans to utilise the net proceeds from the disposals for repayment of bank borrowings 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 31 March 2023, the amount due to Executive Chairman was RM7.0 million.

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

As at 31 March 2023, the Group's cash and cash equivalents stood at RM17.9 million, an increase of RM11.0 million from RM6.9 million recorded in the previous financial period.

The Group generated a net cash from operating activities of RM12.8 million principally from the operating profit, reduction in receivables and increase in payables of RM20.2 million, RM3.8 million and RM2.5 million, respectively. These were utilised to finance the higher inventories, interest and income tax paid of RM11.5 million and RM2.3 million, respectively.

Proceeds from warrant exercise together with the balance sum received from disposal of land raised a total amount of RM41.3 million, which were utilised for repayment of bank borrowings and lease obligations, repayment of directors' advances and capital expenditure for the new stores and interest paid. Total net cash generated from investing activities and net cash used in financing activities amounted to RM0.1 million and RM9.9 million, respectively.

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.**

During the financial period, the Group raised S\$9,131,000 (approximately RM30,274,000) from 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 as disclosed in Note E.17.

The number of treasury shares held by the Company as at 31 March 2023 constituted 0.1% (30 September 2022: 0.1%) of the total number of ordinary share outstanding.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2023.

- 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 31 March 2023, the total number of issued shares excluding treasury shares of the Company was 304,181,353 shares (30 September 2022: 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 31 March 2023.

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 2022.

The Group has adopted the relevant new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") effective beginning from 1 October 2022. 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**

The overall business environment and consumer sentiment have improved following the reopening of economy. However, the inflationary environment and interest hike may weigh on consumer spending.

For the next twelve months ahead, the Group expects the food and beverage businesses to maintain its revenue growth momentum driven by improved performance from all the business sectors. However, the Group will continue to experience margin pressure from higher input costs and other operating costs will be impacted by higher labor costs.

**a) Food Services Division**

**Texas Chicken restaurants**

Texas Chicken continues to grow via new outlets openings with majority in drive-through format and higher sales from the comparable stores. It has opened five new outlets during the first half of FY2023, bringing a total number of 93 outlets for the whole Malaysia. It is looking to open another nine outlets for the second half of FY2023.

Texas Chicken recorded margin compression on the back of elevated costs in raw materials and packaging materials, coupled with the higher labor costs. In addition, the bottom line is also impacted by the higher operating expenditure in tandem with the opening of new outlets and the absence of payroll subsidies from the government and rental rebates from the landlord during the COVID-19 pandemic period.

Poultry products price remain high due to market still facing acute broiler Day Old Chick supply issue. Global sugar price is on rising trend that may result in the suppliers increasing prices in the coming months. Wages have increased following the amendment to the Employment Act to increased minimum wage effective from January 2023 and higher overtime costs.

To mitigate the margin compression, Texas has increased its price and menu configuration on 17 January 2023 and plan to further increase price in May 2023. High labor cost will be addressed through containment of overtime and scheduling of leave applications. To stay competitive in the market, Texas Chicken has launched innovative products like LTO combo meals and promotion activities to boost sales.

**San Francisco Coffee chains**

The coffee retail chain industry in Malaysia has seen significant growth in recent years. This is due to the increasing popularity of coffee culture among Malaysians and the rise of a more urbanized population with higher disposable incomes.

SF Coffee performance remains challenging with increasing cost of ingredients and labor cost. This makes it difficult for smaller players to compete with larger chains, which have economies of scale and can negotiate better prices for ingredients and other supplies.

There has been a global increase in coffee prices since September 2022, resulting in price increases among our competitors. We expect this trend to continue throughout the year, affecting not only coffee prices but also the prices of pastries and other materials. However, SF Coffee will mitigate these effects by implementing price increases on all products (average of 5% price increase, twice a year), engaging multiple suppliers, managing manpower efficiently, and hedging supplies.

The Malaysian coffee retail chain industry is highly competitive, with several major players dominating the market. To succeed in this market, San Francisco Coffee needs to stay agile and adapt to the changing landscape, while maintaining a strong brand and unique value proposition that sets them apart from the competition.

SF Coffee currently has 48 stores and it plans to have a total of 62 stores by 2024, and continue to develop and streamline its products while making necessary adjustments to its pricing structure. Two stores were shut down as the landlords have decided to reclaim the premises and SF Coffee is in the midst of looking replacement for these stores and pushing for new stores opening.

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

Pok Brothers is expected to maintain its revenue growth momentum, supported by an increase in tourist traffic with the reopening of the border.

On the outlook of the beef industry, the major beef exporting countries are expected to record higher gross value in 2023 as cattle prices continue to soar. However, production costs will also remain high, as energy, animal feed, fertilizer and other input costs will stay elevated.

As for dairy sector, the tight milk supplies have further complicated the complex cheese situation with the available milk supplies being diverted for butter production and causing cheese prices to inflate. The dairy costs have also increased due to rising costs of buying dairy cattle, animal feed and farm labor. To mitigate the margin pressure, Pok Brothers has increased prices for certain products.

#### **c) Food Processing Division – Butchery**

On 10 May 2023, the Group has entered into the conditional option sale and purchase agreement to dispose the butchery business for a total consideration of RM33.8 million. The proposed disposal represents a good opportunity for the Group to divest a loss-making business.

#### **d) Dairies Division**

Dairies business continues face intensified margin pressure due to higher input costs and operating expenses. The palm oils and milk powder are seen to be stable in this quarter and expected to soften slightly, except for sugar price which is on an upward trend from RM3,050 per tonne to RM3,322 per tonne (+9%) for the current quarter. Increasing in sugar price is likely to further pressure the profit margin, Dairies will try to source for alternative suppliers with a better price.

Market selling price have levelled off since the last price increase effective in November 2022. All the competitor's pricing has been consistent in the last few months. Dairies has to maintain its selling price to stay competitive in the market. It will review and adjust its selling price accordingly as needed to suit the market.

Dairies products entered into major hypermarket chains such as AEON Big and Lotus. This has brought positive brand awareness for the "SuJohan" brand in the market place. In the next quarter, we are planning to make in road to the East Malaysia Market (i.e. Sabah & Sarawak), where we are not represented. This will expand our market share for the business.

### **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 period ended 31 March 2023 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.

For the six months ended 31 March 2023, the Food Services Division contributed 53.9% of the revenue, followed by the Trading and Frozen Food and Dairies Divisions of 29.5% and 16.6% respectively.

**Food Services Division**

Revenue rose 18.7% to RM150.9 million from RM127.1 million, largely contributed from Texas Chicken restaurants in Malaysia. Texas Chicken's revenue surged by RM21.3 million or 19.4% from RM109.9 million to RM131.2 million, driven by eight new store openings and higher comparable store sales growth. Similarly, San Francisco Coffee's topline was up RM2.5 million or 14.5% from RM17.2 million to RM19.7 million on existing store sales growth.

The division recorded a loss before tax of RM10.7 million compared with profit before tax of RM0.7 million in the previous corresponding period as a result of margin compression due to rising food and labor costs. This was further impacted by higher operating costs on aggressive expansion as well as the absence of payroll subsidies from the government and rental rebates from the landlord that benefited the Division in the previous corresponding period.

Segmental assets increased by RM13.5 million or 6.0% from RM225.2 million to RM238.7 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 RM11.7 million or 5.5% from RM211.2 million to RM222.9 million mainly due to increase in trade and other payables as a result of higher purchases, operating costs and capex on expansion of restaurant business, partly offset by lower bank borrowings due to settlement of term loan.

**Trading and Frozen Food Division**

Revenue expanded 18.5% to RM82.6 million from RM69.7 million, supported by higher sales from hotel and restaurant sectors as a result of improvement in local consumer demand and tourist arrivals following the reopening of economy and borders. As a result, the Division posted a higher profit before tax of RM6.5 million compared to profit before tax of RM6.1 million in the previous corresponding period.

Segmental assets increased by RM11.1 million or 11.1% from RM99.6 million to RM110.7 million due to increase in inventories on higher sales. Segmental liabilities reported at RM36.2 million compared with RM32.9 million in the previous financial period, increased by RM3.3 million or 10.0% due largely to higher tradelines utilisation on increased purchases.

**Food Processing Division**

No revenue was recorded for Food Processing Division following the cessation of bakery business in February 2022 compared with the revenue of RM13.5 million generated in the previous corresponding period. Consequently, the Division's loss before tax had narrowed to RM0.7 million compared with RM4.2 million in the previous corresponding period.

Segmental assets decreased by RM3.1 million or 7.0% to RM41.3 million from RM44.4 million mainly attributed to the depreciation of property, plant and equipment. The segmental liabilities reduced by RM5.5 million or 13.1% from RM41.9 million to RM36.4 million largely due to settlement to suppliers.

**Dairies Division**

Revenue of the Dairies Division rose RM18.1 million or 63.7% from RM28.4 million to RM46.5 million, backed by higher sales volume and increase in selling price. As a result, loss before tax had narrowed to RM2.0 million compared with RM7.3 million in the previous corresponding period.

Segmental assets increased RM17.9 million or 18.9% from RM94.6 million to RM112.5 million mainly attributed to increase in inventories and trade receivables on higher sales volume. The segmental liabilities increased RM0.8 million or 1.0% from RM82.2 million to RM83.0 million was largely due to higher trade payables on higher purchases, offset by repayment of bank borrowings.

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

We, Dato' Jaya J B Tan and Dato' Kamal Y P Tan, being two directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statement for six-month period ended 31 March 2023 to be false or misleading in any material respect. A statement signed by us is on record.

**12. 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.

By Order of the Board  
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' JAYA J B TAN  
Executive Chairman

15 May 2023