Financial Statements and Related Announcement::Second Quarter and/ or Half Yearly Results

Issuer & Securities

Issuer/ Manager	ENVICTUS INTERNATIONAL HOLDINGS LIMITED
Securities	ENVICTUS INTERNATIONAL HLDGLTD - SG1CF4000007 - BQD
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
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Additional Details

For Financial Period Ended	31/03/2016

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

UNAUDITED SECOND QUARTER RESULTS FOR THE PERIOD ENDED 31 MARCH 2016

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

	Second Quarter Ended			Six Months Ended		
	31.03.16 RM'000	31.03.15 RM'000	Change %	31.03.16 RM'000	31.03.15 RM'000	Change %
Revenue	84,960	81,251	4.6	175,910	165,691	6.2
Cost of goods sold	(59,519)	(59,750)	(0.4)	(124,479)	(121,436)	2.5
Gross profit	25,441	21,501	18.3	51,431	44,255	16.2
Other operating income	13,107	9,701	35.1	16,073	12,856	25.0
Operating expenses						
Administrative expenses	(8,495)	(7,269)	16.9	(17,844)	(14,985)	19.1
Selling and marketing expenses	(14,750)	(11,408)	29.3	(27,447)	(21,748)	26.2
Warehouse and distribution expenses	(5,949)	(6,025)	(1.3)	(11,981)	(12,284)	(2.5)
Research and development expenses	(411)	(323)	27.2	(738)	(677)	9.0
Other operating expenses	(7,338)	(51)	>100	(3,785)	(163)	>100
	(36,943)	(25,076)	47.3	(61,795)	(49,857)	23.9
Profit before interest and tax	**1,605**	**6,126**	**(73.8)**	**5,709**	**7,254**	**(21.3)**
Finance costs	(1,034)	(394)	>100	(1,830)	(716)	>100
Profit before income tax	**571**	**5,732**	**(90.0)**	**3,879**	**6,538**	**(40.7)**
Income tax credit/(expense)	564	479	17.7	(168)	274	>100
Profit for the period	**1,135**	**6,211**	**(81.7)**	**3,711**	**6,812**	**(45.5)**

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

	Second Quarter Ended			Six Months Ended		
	31.03.16 RM'000	31.03.15 RM'000	Change %	31.03.16 RM'000	31.03.15 RM'000	Change %
Profit for the period	**1,135**	**6,211**	**(81.7)**	**3,711**	**6,812**	**(45.5)**
Other comprehensive (loss)/income						
Items that may be reclassified subsequently to profit or loss :						
Exchange differences on translating foreign operations	(7,051)	(132)	>100	(11,747)	4,754	>100
Fair value gain on available-for-sale assets	(5)	-	100	(25)	(95)	(73.7)
Other comprehensive (loss)/income	(7,056)	(132)	>100	(11,772)	4,659	>100
Total comprehensive (loss)/income for the period	**(5,921)**	**6,079**	**>100**	**(8,061)**	**11,471**	**>100**
Profit/(Loss) attributable to:						
Owners of the Company	1,409	6,706	(79.0)	4,253	7,512	(43.4)
Non-controlling interests	(274)	(495)	(44.6)	(542)	(700)	(22.6)
	1,135	**6,211**	**(81.7)**	**3,711**	**6,812**	**(45.5)**
Total comprehensive Income/(loss) attributable to:						
Owners of the Company	(6,205)	6,574	>100	(7,372)	12,171	>100
Non-controlling interests	284	(495)	>100	(689)	(700)	(1.6)
	(5,921)	**6,079**	**>100**	**(8,061)**	**11,471**	**>100**

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

	Second Quarter Ended			Six Months Ended		
	31.03.2016 RM'000	31.03.2015 RM'000	Change %	31.03.2016 RM'000	31.03.2015 RM'000	Change %
Allowance for doubtful receivables	-	117	(100)	311	320	(2.8)
Allowance for doubtful receivables no longer required, now written back	-	(27)	(100)	(69)	(131)	(47.3)
Allowance for write down of inventories	48	37	29.7	433	94	>100
Amortisation of intangible assets	123	83	48.2	274	177	54.8
Depreciation of property, plant and equipment	3,948	3,194	23.6	7,578	5,959	27.2
Dividend income	(755)	(799)	(5.4)	(1,738)	(1,360)	27.7
Fair value loss/(gain) on held-for-trading investments, net	5,635	(3,713)	>100	2,113	(3,598)	>100
Foreign currency exchange loss/(gain), net	389	(4,237)	>100	214	(4,653)	>100
Gain on disposal of held-for-trading investments	(880)	-	100	(1,738)	-	100
Gain on disposal of property, plant and equipment	(10,034)	(85)	>100	(10,088)	(85)	>100
Finance costs	1,034	394	>100	1,830	716	>100
Interest income	(337)	(309)	9.1	(734)	(950)	(22.7)
Property, plant and equipment written off	1,016	-	100	1,159	-	100

1(b) (i) Statements of Financial Position

	Group		Company	
	As at 31.03.16 RM'000	As at 30.09.15 RM'000	As at 31.03.16 RM'000	As at 30.09.15 RM'000
Non-current assets				
Property, plant and equipment	210,592	99,252	3	15
Deposits for purchase of property, plant and equipment	-	36,359	-	-
Investment in subsidiaries	-	-	3,134	2,988
Investment in an associate	30,780	-	30,780	-
Available-for-sale financial assets	140	165	-	-
Deferred tax assets	1,899	964	-	-
Intangible assets	30,480	15,090	12	63
	273,891	151,830	33,929	3,066
Current assets				
Inventories	36,716	37,637	-	-
Trade and other receivables	70,115	59,594	273,853	230,122
Tax recoverable	957	776	-	-
Held-for-trading investments	68,227	115,629	68,227	115,629
Fixed deposits	12,810	255	-	-
Cash and bank balances	30,436	96,471	2,973	48,209
	219,261	310,362	345,053	393,960
Non-current assets classified as held for sale	-	4,366	-	-
	219,261	314,728	345,053	393,960
Current liabilities				
Trade and other payables	42,286	34,653	141,115	162,900
Bank borrowings	42,988	42,343	-	-
Finance lease payables	4,332	3,554	-	-
Current income tax payable	287	892	221	827
	89,893	81,442	141,336	163,727
Net current assets	129,368	233,286	203,717	230,233
Non-current liabilities				
Bank borrowings	28,183	4,275	-	-
Finance lease payables	12,105	10,045	-	-
Financial guarantee contracts	-	-	1,658	1,897
Deferred tax liabilities	2,121	3,402	-	-
	42,409	17,722	1,658	1,897
Net assets	**360,850**	**367,394**	**235,988**	**231,402**
Capital and reserves				
Share capital	111,406	111,406	111,406	111,406
Treasury shares	(183)	(183)	(183)	(183)
Foreign currency translation reserve	28,619	40,219	35,441	51,404
Fair value reserve	(692)	(667)	-	-
Share options reserve	9,507	9,507	9,507	9,507
Other reserves	(2,168)	(2,168)	-	-
Accumulated profits	219,672	215,419	79,817	59,268
Equity attributable to the owners of the Company	**366,161**	**373,533**	**235,988**	**231,402**
Non-controlling interests	(5,311)	(6,139)	-	-
Total equity	**360,850**	**367,394**	**235,988**	**231,402**

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

	Secured	
	As at 31.03.2016 RM'000	**As at 30.09.2015 RM'000**
Amount payable within one year		
Bank borrowings	42,988	42,343
Finance lease payables	4,332	3,554
	47,320	45,897
Amount payable after one year		
Bank borrowings	28,183	4,275
Finance lease payables	12,105	10,045
	40,288	14,320
Total	**87,608**	**60,217**

The Group's bank borrowings as at 31 March 2016 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; and
- ⇨ Company's Corporate Guarantees, except for a secured term loan of RM145,000 (30 September 2015 : RM158,000).

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

	Second Quarter Ended		Six Months Ended	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before income tax	571	5,732	3,879	6,538
Adjustments for:				
Allowance for doubtful receivables	-	117	311	320
Allowance for doubtful receivables no longer required, now written back	-	(27)	(69)	(131)
Allowance for write down of inventories	48	37	433	94
Amortisation of intangible assets	123	83	274	177
Depreciation of property, plant and equipment	3,948	3,194	7,578	5,959
Dividend income	(755)	(799)	(1,737)	(1,360)
Fair value loss/(gain) on held-for-trading Investment, net	5,635	(3,713)	2,113	(3,598)
Finance costs	1,034	394	1,830	716
Foreign currency exchange loss/(gain), net	1,161	(1,515)	132	(1,681)
Gain on disposal of property, plant and equipment	(10,034)	(85)	(10,088)	(85)
Gain on disposal of held-for-trading investments	(880)	-	(1,738)	-
Interest income	(337)	(309)	(734)	(950)
Inventories written down	-	-	-	1
Property, plant and equipment written off	1,016	-	1,159	-
Operating profit before working capital changes	1,530	3,109	3,343	6,000
Working capital changes:				
Inventories	(3,229)	(1,410)	855	(776)
Trade and other receivables	8,793	(2,921)	(8,420)	(8,544)
Trade and other payables	(17,270)	1,494	1,888	(16,575)
Cash (used in)/generated from operations	(10,176)	272	(2,334)	(19,895)
Interest paid	(356)	(212)	(697)	(298)
Income tax paid, net	(481)	(3,515)	(1,143)	(4,481)
Net cash used in operating activities	**(11,013)**	**(3,455)**	**(4,174)**	**(24,674)**
Cash flows from investing activities				
Acquisition of held-for-trading investments	(10,407)	(14,721)	(10,661)	(83,226)
Acquisition of subsidiaries, net of cash acquired	(17,456)	-	(17,456)	-
Acquisition of an associate	-	-	(32,123)	-
Interest received	337	309	734	950
Dividend received	755	799	1,737	1,360
Deposit paid for acquisition of land	-	(8,636)	-	(11,514)
Proceeds from disposal of property, plant and equipment	13,271	275	13,404	275
Proceeds from held-for-trading investments	10,236	-	52,322	-
Adjustment amount of sale proceeds from disposal of subsidiaries	-	-	-	57,417
Purchase of intangible assets	(71)	(301)	(679)	(449)
Purchase of property, plant and equipment	(2,742)	(4,451)	(73,241)	(6,845)
Net cash used in investing activities	**(6,077)**	**(26,726)**	**(65,963)**	**(42,032)**

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

	Second Quarter Ended		Six Months Ended	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Increase in fixed deposits pledged to banks	-	(252)	-	(252)
Interest paid	(679)	(182)	(1,134)	(419)
Repayment of finance lease obligations	(1,078)	(628)	(2,064)	(1,401)
Proceeds from bank borrowings	31,207	8,139	71,289	8,544
Repayment of bank borrowings	(22,695)	(6)	(46,609)	(13)
Net cash generated from financing activities	**6,755**	**7,071**	**21,482**	**6,459**
Net change in cash and cash equivalents	**(10,335)**	**(23,110)**	**(48,655)**	**(60,247)**
Cash and cash equivalents at the beginning of the financial period	**56,442**	**110,739**	**96,471**	**144,047**
Effect of exchange rate changes	**(3,106)**	**979**	**(4,815)**	**4,808**
Cash and cash equivalents at the end of the financial period	**43,001**	**88,608**	**43,001**	**88,608**
Cash and cash equivalents comprise the following:				
Cash and bank balances	30,436	88,608	30,436	88,608
Unpledged fixed deposits	12,565	-	12,565	-
	43,001	**88,608**	**43,001**	**88,608**

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

On 28 March 2016, the Group completed its acquisition of 85% equity interest in Lyndarahim Ventures Sdn Bhd ("Lyndarahim"), and its wholly owned subsidiary San Francisco Coffee Sdn Bhd for a purchase consideration of approximately RM19.1 million.

The fair value of the identifiable assets and liabilities of Lyndarahim Group as at the acquisition date were as follow:

	Fair value recognized on acquisition RM'000	Carrying amount on acquisition RM'000
Net identifiable assets and liabilities:		
Property, plant and equipment	6,479	6,479
Intangible assets	4,451	1,151
Inventories	576	576
Trade and other receivables	2,595	2,595
Cash and bank balances	1,244	1,244
Trade and other payables	(5,159)	(5,159)
Bank borrowings	(72)	(72)
Total identifiable net assets	10,114	6,814
Non-controlling interest measured at the non-controlling interest's proportionate share of Lyndarahim's net identifiable assets	(1,517)	
Goodwill arising from acquisition*	10,536	
Total purchase consideration	19,133	
Less: Cash and bank balances acquired	(1,244)	
Less: Retention sum	(434)	
Net cash outflow from acquisition	17,455	

* Goodwill arising from the acquisition has been determined on a provisional basis.

1(d) (i) Statements of Changes in Equity for the Six Months ended 31 March 2016 and 31 March 2015

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 2015	111,406	(183)	40,219	(667)	9,507	(2,168)	215,419	373,533	(6,139)	367,394
Profit/(Loss) for the period	-	-	-	-	-	-	4,253	4,253	(542)	3,711
Other comprehensive loss :										
Exchange differences on translating foreign operations	-	-	(11,600)	-	-	-	-	(11,600)	(147)	(11,747)
Available- for- sale financial assets	-	-	-	(25)	-	-	-	(25)	-	(25)
Total other comprehensive loss	-	-	(11,600)	(25)	-	-	-	(11,625)	(147)	(11,772)
Total comprehensive (loss)/ income for the financial period	-	-	(11,600)	(25)	-	-	4,253	(7,372)	(689)	(8,061)
Acquisition on investment in subsidiaries	-	-	-	-	-	-	-	-	1,517	1,517
Balance at 31 March 2016	111,406	(183)	28,619	(692)	9,507	(2,168)	219,672	366,161	(5,311)	360,850
Balance at 1 October 2014	111,406	(183)	12,969	(547)	9,507	(2,168)	215,782	346,766	(2,940)	343,826
Profit/(Loss) for the period	-	-	-	-	-	-	7,512	7,512	(700)	6,812
Other comprehensive Income/(loss):										
Exchange differences on translating foreign operations	-	-	4,754	-	-	-	-	4,754	-	4,754
Available-for-sale financial assets	-	-	-	(95)	-	-	-	(95)	-	(95)
Total other comprehensive income/(loss)	-	-	4,754	(95)	-	-	-	4,659	-	4,659
Total comprehensive income/(loss) for the financial period	-	-	4,754	(95)	-	-	7,512	12,171	(700)	11,471
Balance at 31 March 2015	111,406	(183)	17,723	(642)	9,507	(2,168)	223,294	358,937	(3,640)	355,297

1(d) (i) Statements of Changes in Equity for the Second Quarter ended 31 March 2016 and 31 March 2015

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 December 2015	111,406	(183)	36,228	(687)	9,507	(2,168)	218,263	372,366	(7,112)	365,254
Profit/(Loss) for the period	-	-	-	-	-	-	1,409	1,409	(274)	1,135
Other comprehensive (loss)/income :										
Exchange differences on translating foreign operations	-	-	(7,609)	-	-	-	-	(7,609)	558	(7,051)
Available- for- sale financial assets	-	-	-	(5)	-	-	-	(5)	-	(5)
Total other comprehensive (loss)/income	-	-	(7,609)	(5)	-	-	-	(7,614)	558	(7,056)
Total comprehensive income/ (loss) for the financial period	-	-	(7,609)	(5)	-	-	1,409	(6,205)	284	(5,921)
Acquisition on investment in subsidiaries	-	-	-	-	-	-	-	-	1,517	1,517
Balance at 31 March 2016	111,406	(183)	28,619	(692)	9,507	(2,168)	219,672	366,161	(5,311)	360,850
Balance at 31 December 2014	111,406	(183)	17,855	(642)	9,507	(2,168)	216,588	352,363	(3,145)	349,218
Profit/(Loss) for the period	-	-	-	-	-	-	6,706	6,706	(495)	6,211
Other comprehensive loss :										
Exchange differences on translating foreign operations	-	-	(132)	-	-	-	-	(132)	-	(132)
Total other comprehensive loss	-	-	(132)	-	-	-	-	(132)	-	(132)
Total comprehensive income/(loss) for the financial period	-	-	(132)	-	-	-	6,706	6,574	(495)	6,079
Balance at 31 March 2015	111,406	(183)	17,723	(642)	9,507	(2,168)	223,294	358,937	(3,640)	355,297

1(d) (i) Statements of Changes in Equity for the Six Months ended 31 March 2016 and 31 March 2015

Company	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
Balance at 1 October 2015	111,406	(183)	51,404	9,507	59,268	231,402
Profit for the period	-	-	-	-	20,549	20,549
Other comprehensive loss:						
Exchange differences on translating foreign operations	-	-	(15,963)	-	-	(15,963)
Total other comprehensive loss	-	-	(15,963)	-	-	(15,963)
Total comprehensive (loss)/profit for the financial period	-	-	(15,963)	-	20,549	4,586
Balance at 31 March 2016	111,406	(183)	35,441	9,507	79,817	235,988
Balance at 1 October 2014	111,406	(183)	9,707	9,507	71,432	201,869
Loss for the period	-	-	-	-	(12,958)	(12,958)
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	9,882	-	-	9,882
Total other comprehensive income	-	-	9,882	-	-	9,882
Total comprehensive income/(loss) for the financial period	-	-	9,882	-	(12,958)	(3,076)
Balance at 31 March 2015	111,406	(183)	19,589	9,507	58,474	198,793

1(d) (i) Statements of Changes in Equity for the Second Quarter ended 31 March 2016 and 31 March 2015

Company	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
Balance at 31 December 2015	111,406	(183)	45,566	9,507	73,088	239,384
Profit for the period	-	-	-	-	6,729	6,729
Other comprehensive loss:						
Exchange differences on translating foreign operations	-	-	(10,125)	-	-	(10,125)
Total other comprehensive loss	-	-	(10,125)	-	-	(10,125)
Total comprehensive (loss)/income for the financial period	-	-	(10,125)	-	6,729	(3,396)
Balance at 31 March 2016	111,406	(183)	35,441	9,507	79,817	235,988
Balance at 31 December 2014	111,406	(183)	15,432	9,507	64,580	200,742
Loss for the period	-	-	-	-	(6,106)	(6,106)
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	4,157	-	-	4,157
Total other comprehensive income	-	-	4,157	-	-	4,157
Total comprehensive income/(loss) for the financial period	-	-	4,157	-	(6,106)	(1,949)
Balance at 31 March 2015	111,406	(183)	19,589	9,507	58,474	198,793

1(d) (i) 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
Before share consolidation			
Issued and fully paid-up ordinary shares as at 31 December 2015	631,926,528	46,526	111,406
After share consolidation			
Issued and fully paid-up ordinary shares as at 31 March 2016	126,385,289	46,526	111,406

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

Treasury Shares	COMPANY		
	Number of treasury shares	S$'000	RM'000
Before share consolidation			
Balance as at 31 December 2015	(1,210,000)	(76)	(183)
After share consolidation			
Balance as at 31 March 2016	(242,000)	(76)	(183)

Share Capital	COMPANY		
	Number of shares	S$'000	RM'000
Issued and fully paid-up ordinary shares as at **31 December 2014 and 31 March 2015**	631,926,528	46,526	111,406

Treasury Shares	COMPANY		
	Number of treasury shares	S$'000	RM'000
Balance as at 31 March 2015	(1,210,000)	(76)	(183)

	As at 31.03.2016 After share consolidation	As at 31.03.2015 Before share consolidation
The number of shares that may be issued on exercise of share options outstanding at the end of the period	2,408,600	12,173,000

1(d) (ii) 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 2016, after the effect of share consolidation, the total number of issued shares less treasury shares of the Company was 126,143,289 shares (30 September 2015: 630,716,528 shares).

1(d) (iii) 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 2016.

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 2015. In addition, the Group also adopted various revisions to the Singapore Financial Reporting Standards ("FRS") which became effective beginning 1 October 2015.

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.

	Second Quarter Ended		**Six Months Ended**	
	31.03.2016	**31.03.2015**	**31.03.2016**	**31.03.2015**
Net profit attributable to owners of the Company for the financial period (RM '000)	1,409	6,706	4,253	7,512
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	1.12	5.32	3.37	5.96
- Fully diluted	1.12	5.32	3.37	5.96

Comparative basic and diluted earnings per share have been adjusted to reflect the effect of Share Consolidation during the current financial period.

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 31.03.2016 RM	As at 30.09.2015 RM	As at 31.03.2016 RM	As at 30.09.2015 RM
Net asset value per ordinary share based on issued share capital at the end of the financial period	2.86	2.91	1.87	1.83

Comparative net asset value per ordinary share have been adjusted to reflect the effect of Share Consolidation during the current financial period.

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 and San Francisco Coffee;
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

Second Quarter Ended 31 March 2016

The Group recorded a revenue of RM85.0 million for the second quarter ended 31 March 2016 ("Q2FY2016"), an increase of RM3.7 million or 4.6% as compared to RM81.3 million in the corresponding financial period ended 31 March 2015 ("Q2FY2015"), which was underpinned by the better performance from the Food Services Division and Trading and Frozen Food Division.

Texas Chicken, under the Food Services Division, continues to register a strong increase in revenue from RM10.0 million to RM16.6 million, representing an increase of RM6.6 million or 66.0% as a result of the opening of additional nine new restaurant outlets and improved sales performance attributed to market acceptance of its products quality, value and brand recognition. The revenue of Trading and Frozen Food Division recorded an increase of RM0.6 million or 1.5% from RM40.0 million to RM40.6 million mainly due to increase in sales from its retail and proprietary sectors. The growth in sales was negated by slower growth in its Food Processing Division which registered lower sales of RM17.9 million as compared to RM20.4 million, reduced by RM2.5 million or 12.3%. Its beverages business recorded a reduction in revenue of RM2.6 million or 34.7% due to lower export and local sales resulting from the continued slower China economy environment and ongoing price wars amongst the local competitors. Its bakery business also registered a slower sales of RM1.5 million or 13.3% owing to the consumers' sentiment which remains weak and market demand was also low during this recent heat wave which has reduced outdoor activities. However, this decreases have been mitigated by the higher sales from its Contract packing for Dairy and Juice based drinks business which has contributed a higher revenue of RM1.7 million due to higher sales volumes ordered from customers.

The revenue of Nutrition Division reduced by RM1.1 million or 10.2% to RM9.7 million from RM10.8 million as the Division continues to be affected by the residual impact of a period of unattractive trading terms compounded by pressure owing to stronger competition as stronger Australian dollar made it easier for a multitude of American brands to flood into Australia market.

The gross profit margin improved from 26.5% to 29.9% quarter-on-quarter. The improvement was mainly attributable to higher margin from the Food Services Division due to price increase in certain products and better food costs management.

Other income of RM13.1 million comprises mainly the gain on disposal of land and building in Indonesia of RM10.0 million, total income arising from held-for-trading investments of RM1.7 million, rental income from corporate building of RM0.4 million and interest income from short term deposits of 0.3 million.

Operating expenses increased for the quarter from RM25.1 million to RM36.9 million, an increase of RM11.8 million or 47.3% principally due to higher other operating expenses of RM7.3 million arising from the fair value loss on held-for-trading investment of RM5.6 million, renovation and equipment written off of RM 1.0 million due to relocation of restaurant outlets and office. Selling and marketing expenses and administrative expenses increased by RM3.4 million or 29.3% and RM1.2 million or 16.9% respectively mainly due to additional staff costs, rental of outlets, royalty fees and utility charges incurred for the expansion of restaurant business.

Finance costs increased by RM0.6 million or more than 100% mainly from the drawdown of borrowing to finance the acquisition of corporate building, additional trade line facilities and hire purchase facilities for the new restaurant outlets.

The Group recorded income tax credit of RM 0.6 million mainly due to the over-provision of income tax in prior year coupled with recognition of tax losses as deferred tax assets by certain subsidiaries.

Six Months Ended 31 March 2016

For the six months period under review, the Group continues to register higher revenue of RM175.9 million as compared to the previous corresponding period of RM165.7 million, an increase of RM10.2 million or 6.2%. This was mainly driven by the better performance from the Food Services Division and Trading and Frozen Food Division, which contributed RM13.8 million and RM2.6 million respectively. However, these increases were partially impacted by lower sales by Food Processing and Nutrition divisions of RM4.2 million and RM1.8 million, respectively.

Gross profit margin improved to 29.2% from 26.7% in the previous corresponding period on the back of higher margin derived from Food Services Division due to price increase in certain products and better food costs management.

Other income of RM16.1 million comprises mainly the gain on disposal of land and building in Indonesia of RM10.0 million, total income arising from held-for-trading investments of RM3.9 million, rental income from corporate building of RM0.6 million and interest income from short term deposits of 0.3 million.

Overall, operating expenses increased by RM11.9 million or 23.9% to RM61.8 million as a result of higher other operating expenses of RM3.6 million largely arising from the fair value loss on held-for-trading investment of RM2.1 million, renovation and equipment written off of RM1.2 million as a result of relocation of restaurant outlets and office. Selling and marketing expenses and administrative expenses increased by RM5.7 million or 26.2% and RM2.8 million or 19.1% respectively due to additional staff costs, rental of outlets, royalty fees and utility charges incurred for the expansion of restaurant business.

Finance costs increased by RM1.1 million or more than100% primarily due to additional trade line facilities, drawdown of borrowing to finance the acquisition of corporate building and hire purchase facilities taken for the expansion of restaurant business.

The Group’s effective tax rate is 4.3% mainly due additional tax charge as a result of increase in profit generated by certain subsidiaries and the non-availability of group relief for losses incurred by certain subsidiaries. This was offset against the tax losses recognized as deferred tax assets by certain subsidiaries and over-provision of income tax in prior year.

Overall, the Group registered a profit after tax of RM3.7 million as compared to RM6.8 million reported in the previous corresponding period.

Review on Statements of Financial Position

Under non-current assets, the increase of RM111.3 million in property, plant and equipment (net of depreciation charges) was mainly attributed to the acquisition of land and building of RM102.5 million (inclusive of deposits paid of RM36.4 million) and the set up costs of the new restaurant outlets. Additionally, the Group has also made a major investment in an associate company amounting to RM30.8 million. Intangible assets has increased by RM15.4 million largely due to goodwill and brand recognition from acquisition of subsidiaries amounting to RM15.0 million. These have resulted in the overall increase in non-current assets by RM122.1 million.

Trade and other receivables increased by RM10.5 million principally due to GST input tax recoverable of RM5.8 million incurred on the acquisition of land and building, deposits and prepayments made on setting up the new restaurant outlets of RM2.2 million and receivables from a new acquired subsidiary of RM2.6 million. The net proceeds of RM41.7 million from the disposal of held-for-trading investments together with part of cash and bank balances were utilised for the acquisition of land and building, investments, acquisition of subsidiaries and placement of fixed deposits. These have resulted the overall current assets decreased by RM95.4 million.

The Group's current liabilities increased by RM8.5 million mainly due to higher purchases and capital expenditure incurred for additional new restaurant outlets of RM1.9 million and payables from the new acquired subsidiaries of RM5.3 million.

The Group's non-current liabilities increased by RM24.7 million largely due to additional financing for the acquisition of corporate building and acquisition of subsidiaries.

Review on Consolidated Statement of Cash Flows

Second Quarter Ended 31 March 2016

The Group registered a net decrease in cash and cash equivalents of RM10.3 million for the current quarter ended 31 March 2016.

Net cash used in operating activities amounting to RM11.0 million were mainly for the funding of inventories of RM3.2 million and settlement of payables of RM17.3 million, which were offset by the increase in receivables of RM8.8 million and operating profit from operations of RM1.5 million.

For the investing activities, the Group utilised RM30.7 million for the acquisition of subsidiaries, acquisition of held-for-trading investments, purchase of property, plant and equipment and intangible assets. Cash amounting to RM24.6 million were raised from sale of property, plant and equipment and held-for-trading investments, dividend and interest received. These resulted in net cash utilised of RM6.1 million in the investing activities.

Net cash generated from financing activities of RM6.8 million arose from the bank borrowings of RM11.4 million for partially funding on acquisition of subsidiaries, which was reduced by net settlement on trade line facilities of RM1.7 million, repayment of hire purchase creditors, bank borrowings and interest paid of RM2.9 million.

Six Months Ended 31 March 2016

The Group registered a net decrease in cash and cash equivalents of RM48.7 million for the current period ended 31 March 2016.

Net cash used in operating activities amounting to RM4.2 million were mainly for the funding of receivables of RM8.4 million, income tax paid of RM1.1 million and interest paid of RM0.7 million, which were offset by increase in payables of RM1.9 million, increase in inventories of RM0.9 million and operating profit from operations of RM3.3 million.

For the investing activities, the Group utilised RM134.2 million for the purchase of property, plant and equipment, investment in an associate company, acquisition of subsidiaries, purchase of held-for-trading investments and intangible assets. Cash amounting to RM68.2 million were raised from sale of held-for-trading investments and property, plant and equipment, dividend and interest received. These resulted in net cash utilised of RM66.0 million in the investing activities.

Net cash generated from financing activities of RM21.5 million arose from the bank borrowings of RM30.7 million for partially funding on corporate building and acquisition of subsidiaries, which was reduced by net settlement on trade line facilities of RM3.1 million, repayment of hire purchase creditors, bank borrowings and interest paid of RM6.1 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

In the current quarter, the Ringgit which has strengthened against the US Dollars has taken some pressure off from the cost of imported food costs. Consequently, some competitors have begun to reduce prices of certain products which the Division has to follow suit in order to protect market share. The lowering of these prices has not impacted the overall revenue as more promotional activities and roadshows were carried on other products. Consumers are still adjusting to the impact of GST and the volatility of the oil price and its impact on the Ringgit as Malaysia is seen as an oil producing nation which derives its revenue significantly from oil.

The prices of imported beef from Australia and New Zealand have stabilized during the current quarter. Although Brazilian beef is much cheaper, the Division continues to import from Australia and New Zealand due to faster delivery as compared to Brazil which may take up to three months for shipment. Price for lamb shoulder continues to soften but may pick up in the third quarter when China resumes buying to replenish their old stocks. For agency products, the principals continue to support with advertising and promotion funding.

b) Food Services Division

There were no changes in price for fries since the expiry of the contracted price in December 2015. For bone-in-chicken, one of the suppliers has reduced its price slightly due to higher volume. Overall, Texas Chicken should be able to negotiate for better prices of most food costs as it will be in a better bargaining position as the number of outlets keeps growing. The Division is also constantly sourcing for new suppliers to complement its growing business and to ensure the best possible prices are obtained.

Consumers' sentiment is lower following the implementation of GST which has triggered increase in prices of goods and services and the increase in toll charges and reduction in rebate for electricity charges. The retail market has been slower with consumers tightening on spending. Despite these factors, Texas Chicken continues to enjoy healthy sales due to market acceptance of its brand, products quality and value.

Texas Chicken brand has started to gain strength in the Klang Valley as evidenced from the encouraging support received from consumers during the recent opening of outlets in Star Avenue Lifestyle Mall and Midpoint Shopping Centre in December 2015, M3 Residency Mall in January and Tesco Lukut in February 2016. More consumers are aware of the brand presence in strategic locations and the shops or complex owners are more willing to offer a visible site for Texas Chicken. Recently in April 2016, Texas opened its 25th and26th outlets in Taman Sri Serdang and SS15 Courtyard, and has plan to open another three outlets within the Klang Valley and one outside Klang Valley by the financial year end or next two quarters. The top line continued to grow strength to strength due to slight increase in prices of certain products in February 2016, success of the crunchy deals and limited time offers together with the growing number of outlets.

The Group has recently completed the acquisition of San Francisco Coffee on 28th March 2016. Consequently, the impact of its contribution to the Division will only be reported in the remaining two quarters.

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.

International prices for milk powder have fallen in recent months owing to current worldwide over-supply situation. Supply side factors are increased production especially in Europe with reduced quotas. In contract demand has weakened due to high inventory levels and lower demand in China and sanctions imposed on Russia. 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. The outlook for these specialised whey protein is stable with some small price reductions being achieved. The Division actively tenders for their raw materials and packaging requirements which is serving to generate some material cost savings.

The nutrition 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 but has stabilized the position over the last year with 32 to 35% market share of New Zealand key accounts.

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 continued strengthening of the USD is slowly beginning to impact the US brands however there has been little significant change in market share or trade buying interest at this stage. Horleys is slowly stabilizing sales and has significantly reduced the 'cost to serve' customers reflecting the changing retail environment with an increasing proportion of sales being via the web purchases.

Focus is currently on developing products within the sports and nutrition range with a natural positioning. An exciting new range of bars have recently been developed with a natural/protein claim profile which will be launched in the fourth quarter FY2016. Work is also underway developing a plant based protein powder offering reflecting international trend in this direction.

The Division is also in the process of diversifying the product offering from a sole dependence on sports nutrition and weight management products. A new range of UHT long life non-dairy beverages (PET bottles), almond, macadamia and coconut milks will be launched throughout Australia and New Zealand in the emerging and growing chilled supermarket segment. Initial response from the trade is very positive with launch planned for the end of FY2016.

d) Food Processing Division

(i) Bakery

Wheat, which forms a material portion of raw material cost, is on a continuous downtrend due to weak global demand especially from China. However, the advantage of the reduction in wheat cost has been negated by flour millers who have totally withdrawn rebate effective February 2016. Other suppliers like sugar, yeast, and other ingredients have also increased prices due to the rising cost resulting from weakening of the Ringgit. In addition, the Malaysian government has put a cap price on industrial diesel, thus preventing the price from falling further when sold to the industrial users.

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 economic slowdown. Most grocers and retailers have temporary delayed any expansion plan and undertaken reduced promotional activities.

In order to counteract the intense competition among bakeries, management has embarked on some branding activities like revamping a new logo, new packaging and engagement of customers in social media.To control costs, measures have been undertaken to improve process efficiencies and controlling of 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.

(ii) Butchery

The Ringgit has recently strengthened against the US Dollar which has resulted in improvement in production margins. Cost saving has also been achieved by the switching to the cheaper Brazilian beef. In addition, negotiation for a slight increase in price with a major customer has been completed and is awaiting implementation in the third quarter.

The operations of Gourmessa are currently affected by the limited capacity of its present facilities. The Group have recently purchased several pieces of land in the Selangor Halal Hub Pulau Indah("SHHP") and intends to relocate the butchery existing facilities to SHHP whereby bigger production facilities will be built to cater for increased demand. Other than the benefit of having bigger production facilities, Gourmessa's brand will be enhanced by being located in a Halal Park and can also potentially be eligible for special tax incentives for companies located in the Selangor Halal Hub.

(iii) Beverages

Export sales were affected by the slower growth in China. To mitigate the impact, the Division will focus on other export market including entering into OEM partnership with Asean countries.

In the local market, there is currently a price war amongst competitors. To remain competitive and maintain volume, discounts, incentives and other promotion activities are provided to the retailers. In addition, two new products will be launched in the next quarter with better profit margins.

In the next three to six months, prices of its raw material i.e. sugar, soya bean and other packaging materials would remain unchanged due to the strengthening of the Ringgit against the US Dollar. Empty tin cans are not affected as the current contracted price only expires at the end of 2016. Subsequently any increase in raw material prices will impact all manufacturers in the industry.

(iv) Contract Packing for Dairy and Juice Based Drinks

Overall world demand for milk powder remains muted reflecting the current world economic outlook.

The Fonterra Farm-gate price has fallen from a high of NZD8.65/KG Milk solids in 2014 to a record low of NZD3.90/KG in current quarter to 31 May 2016 which together with the weakening NZ Dollar has made NZ dairy prices more attractive to overseas buyers, particularly in China and Taiwan.

Demand for PET Aseptic products continues to grow within Australia and New Zealand and the global market. There are no major PET Aseptic manufacturers with any significant capacity in the region to compete with EDNZ at this time.

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. 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 grain and nut based dairy free alternative milk beverages such as coconut, almond, soy, rice, macadamia. Dairy free drinking yoghurt is under development. Goat milk is another new product under consideration.

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 31 March 2016.

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 second quarter ended 31 March 2016 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

12 May 2016

NEWS RELEASE

ENVICTUS ACHIEVES 4.6% RISE IN REVENUE TO RM85.0 MILLION[1] IN Q2FY2016

- ***Revenue growth driven mainly by better performance of Food Services; and Trading and Frozen Food Divisions***
- ***Gross profit margin improves 3.4 percentage points to 29.9%, attributable to higher margin achieved by Food Services Division***
- ***Two new Texas Chicken outlets opened during quarter and two in April 2016***
- ***Pipeline of four Texas Chicken outlets to be launched in Klang Valley and beyond over next two quarters***
- ***Successfully completes acquisition of stake in Lyndarahim which owns 28 specialty and two other licensed outlets under the San Francisco Coffee brand name***

Singapore, May 12, 2016 – Envictus International Holdings Limited ("Envictus" "恒益德國際控股有限公司" or the "Group"), an established Food & Beverage ("F&B") Group, today announced a 4.6% growth in revenue to RM85.0 million for the second quarter ended March 31, 2016 ("Q2FY2016"), from RM81.3 million over the previous corresponding period ("Q2FY2015").

Envictus' Group Chairman, Dato' Jaya Tan said, "We are pleased to have seen a growth in our topline during the quarter, largely attributable to the better performance achieved by our Food Services; and Trading and Frozen Food Divisions.

[1] *Approximately S$28.7 million. Currency conversion based on S$1.00 = RM2.9569*

Financial Review

Envictus registered a 4.6% growth in revenue to RM85.0 million in Q2FY2016 as compared to RM81.3 million in Q2FY2015 despite the difficult trading environment brought on by an uncertain outlook of the global economy and volatility in currencies.

This was mainly driven by the robust 66.0% rise in the Food Services Division's revenue, from RM10.0 million in Q2FY2015 to RM16.6 million in Q2FY2016. This was due to nine additional Texas Chicken outlets opened between Q2FY2015 and Q2FY2016, out of which two were opened during the quarter, and a greater market acceptance of Texas Chicken's product quality, value and brand recognition. The overall rise in the Group's revenue was also supported by the Trading and Frozen Food Division which registered a RM0.6 million increase in revenue to RM40.6 million in Q2FY2016. This was largely a result of sales growth in its retail and proprietary sectors.

Envictus recorded an improvement of 3.4 percentage points in its gross profit margin, from 26.5% in Q2FY2015 to 29.9% during the period, which was mainly due to the higher margin achieved by the Food Services Division. This resulted from the better performance achieved by existing outlets, price increases in certain products and better food cost management. Gross profit correspondingly increased 18.3% to RM25.4 million in Q2FY2016 from RM21.5 million in Q2FY2015.

Selling, marketing and administrative expenses increased by RM4.6 million primarily due to the expenses incurred from the expansion efforts of the Food Services Division. In addition, other operating expenses of RM7.3 million arising largely from the RM5.6 million fair value loss on held-for-trading investments and a RM1.0 million write-off of renovation and equipment costs due to relocation of restaurant outlets and office, also led to the 47.3% increase in overall operating expenses to RM36.9 million.

The Group saw a 35.1% growth in other operating income to RM13.1 million during the period primarily due to the RM10.0 million gain on disposal of land and building in Indonesia, income arising from held-for-trading investments, rental income and interest income.

As a result of the topline growth, margin improvement and increase in operating income which were offset by higher operating expenses incurred, Envictus registered a profit for the period of RM1.1 million in Q2FY2016 as compared to RM6.2 million in Q2FY2015.

As at March 31, 2016, the Group maintained a strong balance sheet, with cash and cash equivalents of RM43.0 million and shareholders' equity of RM360.9 million.

Outlook

The Trading and Frozen Food Division is gradually reducing prices of certain products with the strengthening of the Ringgit against the US Dollar, which has taken some pressure off the cost of imported food costs. Although prices of imported beef from Australia and New Zealand have stabilised, supplies from Brazil remained cheaper. However, the division has continued to source from these two countries given the faster delivery as compared to importing from Brazil.

For the Food Services Division, Texas Chicken continues to enjoy healthy sales due to market acceptance of its brand, quality and value, notwithstanding softer consumer sentiments following the implementation of GST in Malaysia.

Commenting on the Group's outlook, Group Chief Executive Officer, Dato' Kamal Tan said, "We have seen encouraging responses and a wider market recognition and acceptance of the Texas Chicken brand. Texas Chicken continues to gain strength in Klang Valley, with warm reception seen following the recent opening of four outlets. With 26 outlets now opened, including two which were launched subsequent to the quarter – in April 2016, we look forward to the launch of another four outlets within the Klang Valley area and beyond, by the end of the financial year or next two quarters.

"Additionally, we have further expanded our Food Services segment with the successful acquisition of the San Francisco Coffee chain business. Given our considerable experience and knowledge acquired in the quick service restaurant business, through the successful operation of the Texas Chicken restaurants, we will be well-positioned to leverage on this advantage in managing the coffee chain business.

"The integration of the coffee chain business into the Group will lead to operational and business synergies through the sharing of resources and create opportunities for cross-selling, thereby allowing cost savings and an enhancement of our product offerings. Given that the supply of premium products will come from our Trading and Frozen Food, Bakery and Butchery businesses, we expect to see improvements in utilisation due to a higher production output from these business segments."

The Group successfully completed the acquisition of the 85% stake in Lyndarahim Ventures Sdn Bhd ("Lyndarahim") on March 28, 2016, for a total consideration of RM20.4 million. Envictus' partner, Brothers Coffee Ventures Sdn Bhd ("**BCV**"), holds the remaining 15% stake for a consideration of RM3.6 million. With the completion of this acquisition, Envictus now has a strategic investment in 28 specialty and two licensed San Francisco Coffee outlets, a roasting plant and central kitchen in Malaysia operated by San Francisco Coffee Sdn Bhd.

For the Nutrition Division, the Group is actively focused on developing products within the sports and nutrition range with a ‘natural/protein’ emphasis, which will be launched in Q4FY2016. A new range of UHT long life non-dairy beverages (PET bottles) will also be launched towards the end of FY2016.

The Food Processing Division’s Bakery, Butchery and Beverage businesses have continued to face challenges amidst market competition. For the Bakery business, Envictus has initiated branding activities and undertaken measures to improve process efficiencies and control returns. Given the limitations of the Butchery business’ present facilities’ capacity, the planned relocation to the larger facilities at Selangor Halal Hub, Pulau Indah, is expected to enhance the Gourmessa brand and potentially bring additional benefits such as tax incentives.

Dato’ Kamal Tan added, “The Halal food industry offers vast potential for growth. By expanding and centralising our operating facilities at the Selangor Halal Hub, we will be able to tap on the growth prospects of increasing global demand for Halal products whilst achieving further cost savings in the areas of logistics and warehousing storage space.”

The Halal food industry is on a growth spurt with the global demand for Halal food expected to hit US$2.1 trillion (S$2.9 trillion) this year. Last year, Malaysia exported RM40 billion (S$13.5 billion) worth of Halal products. This year it is expected to be about RM50 billion[2].

[2] *“Dreaming big to make Singapore a global halal hub” – Straits Times, March 9, 2016*

For the Food Processing Division's Beverage business, while a slowdown in export sales is expected due to the declining economic growth rate in China, this will be mitigated by a focus on other export markets including entering into OEM partnerships with customers in the ASEAN region. As for the Contract Packing for Dairy and Juice Based Drinks business, Envictus continues to enjoy strong demand for the supply of high value added Aseptic PET bottled products and is focused on new product offerings such as grain and nut based dairy free alternative milk beverages as well as dairy free drinking yogurt.

ABOUT ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Listed on SGX Catalist in 2004, and upgraded to the Mainboard in 2009, Envictus International Holdings Limited, is an established Food & Beverage ("F&B") Group. The Group has an established portfolio of businesses and brands operating under its four business divisions – Trading and Frozen Food, Food Services, Nutrition and Food Processing.

For the Trading and Frozen Food Division, the Group's wholly-owned subsidiary, Pok Brothers Sdn Bhd, is one of Malaysia's leading frozen food and premium food wholesaler and is a supplier to several major American restaurant chains in Malaysia. In addition, the division also distributes the Gourmessa quality cold cuts across supermarkets and hypermart chains in Malaysia.

Under the Group's Food Services Division, Envictus holds exclusive rights for a 10-year period since July 2012 to develop and operate the fast growing American-styled Texas Chicken fast food restaurant chains in Malaysia and Brunei. Since its first flagship outlet opened in January 2013 at Aeon Bukit Tinggi Shopping Centre, Klang, Malaysia, the robust demand for the Texas Chicken restaurant concept has driven the Group to expand its store footprint at a healthy pace. Since March 28, 2016, Envictus also has a strategic investment in the specialty coffee chain business – San Francisco Coffee – which serves house roasted coffee in Malaysia.

For Nutrition, under Naturalac Nutrition Limited ("NNL"), the Group markets its range of branded sports nutrition and weight management food products for mass consumer markets. This includes the Horleys™ brand name and other proprietary brands such as Sculpt™ (a weight management product tailored for women), Replace™ (an isotonic sports drink in both powder and carbonated format) and Pro-Fit™ (a high protein ready-to-drink beverage). In New Zealand, NNL's products are primarily distributed through the route channels (gyms, health food shops, specialty stores and specialty nutrition shops) and retail channels (supermarkets, oil and convenience retail outlets) whilst its Australian sales are made predominantly through the route.

The Group's Food Processing Division comprises of the business segments – Bakery, Butchery, Beverages as well as Contract Packing for Dairy and Juice based Drinks. Envictus' Bakery business includes its wholly-owned subsidiary, Family Group which produces fresh breads and buns under the Daily Fresh and Family brand while De-luxe Food Services Sdn Bhd, another wholly-owned subsidiary, produces frozen bakery items. The Group's Butchery business manufactures and processes cold cuts, sausages, portion control meat and smoked salmon for distribution to supermarkets, hotels and restaurants. For the Beverages business, the Group's canned beverages are produced by Polygold Beverages Sdn Bhd in Seremban, Negeri Sembilan. The business' stable of products include the Polygold brand of carbonated and non-carbonated drinks, Air Champ energy drink and Power Champ isotonic sports drink. Envictus successfully produced the 325ml PET bottle carbonated drink in June 2014 specially designed to suit the China market and has introduced it to the market. The Group also entered into the ready-to-drink segment via a joint venture in Envictus Dairies NZ Limited to establish New Zealand's first state-of-art, UHT Aseptic PET bottling line for dairy, juice and water products at the Whakatu Industrial Park.

For more details, please visit the Group's corporate website at www.envictus-intl.com.

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