Financial Statements and Related Announcement::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	31/03/2018

Attachments	EIHL_ Q2FY2018 Announcement.pdf Envictus - Q2FY2018 NR.pdf Total size =276K

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

UNAUDITED SECOND QUARTER RESULTS FOR THE PERIOD ENDED 31 MARCH 2018

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		
	31.03.2018 RM'000	31.03.2017 RM'000	Change %	31.03.2018 RM'000	31.03.2017 RM'000	Change %
Revenue	101,130	100,344	0.8	210,211	201,957	4.1
Cost of goods sold	(63,285)	(65,811)	(3.8)	(132,507)	(133,853)	(1.0)
Gross profit	37,845	34,533	9.6	77,704	68,104	14.1
Other operating income	5,263	5,136	2.5	8,847	8,183	8.1
Operating expenses						
Administrative expenses	(11,972)	(11,157)	7.3	(23,865)	(21,471)	11.1
Selling and marketing expenses	(28,092)	(23,312)	20.5	(55,001)	(42,683)	28.9
Warehouse and distribution expenses	(6,108)	(6,448)	(5.3)	(12,914)	(13,116)	(1.5)
Research and development expenses	(154)	(262)	(41.2)	(393)	(594)	(33.8)
Other operating expenses	(101)	(507)	(80.1)	(572)	(514)	11.3
	(46,427)	(41,686)	11.4	(92,745)	(78,378)	18.3
Loss before interest and tax	**(3,319)**	**(2,017)**	**64.6**	**(6,194)**	**(2,091)**	**>100**
Finance costs	(1,516)	(1,266)	19.7	(2,784)	(2,424)	14.9
Loss before income tax	**(4,835)**	**(3,283)**	**47.3**	**(8,978)**	**(4,515)**	**98.8**
Income tax expense	(117)	(434)	(73.0)	(721)	(841)	(14.3)
Loss for the period	**(4,952)**	**(3,717)**	**33.2**	**(9,699)**	**(5,356)**	**81.1**

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

	Second Quarter Ended			Six Months Ended		
	31.03.2018 RM'000	31.03.2017 RM'000	Change %	31.03.2018 RM'000	31.03.2017 RM'000	Change %
Loss for the period	**(4,952)**	**(3,717)**	**33.2**	**(9,699)**	**(5,356)**	**81.1**
Other comprehensive Income:						
Items that may be reclassified subsequently to profit or loss :						
Exchange differences on translating foreign operations	(5,248)	(1,730)	>100	(7,556)	2,368	>100
Fair value gain/(loss) on available-for-sale assets	30	2,045	(98.5)	(18)	11,236	>100
Other comprehensive income, net of tax	(5,218)	315	>100	(7,574)	13,604	>100
Total comprehensive income for the period	**(10,170)**	**(3,402)**	**>100**	**(17,273)**	**8,248**	**>100**
Loss attributable to:						
Owners of the Company	(4,816)	(3,449)	39.6	(9,440)	(4,878)	93.5
Non-controlling interests	(136)	(268)	(49.3)	(259)	(478)	(45.8)
	(4,952)	**(3,717)**	**33.2**	**(9,699)**	**(5,356)**	**81.1**
Total comprehensive income attributable to:						
Owners of the Company	(10,312)	(3,188)	>100	(17,816)	9,015	>100
Non-controlling interests	142	(214)	>100	543	(767)	>100
	(10,170)	**(3,402)**	**>100**	**(17,273)**	**8,248**	**>100**

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

	Second Quarter Ended			Six Months Ended		
	31.03.2018 RM'000	31.03.2017 RM'000	Change %	31.03.2018 RM'000	31.03.2017 RM'000	Change %
Allowance for doubtful receivables	121	232	(47.8)	289	498	(42.0)
Allowance for doubtful receivables no longer required, now written back	(173)	(61)	>100	(178)	(191)	(6.8)
Amortisation of intangible assets	99	136	(27.2)	226	273	(17.2)
Depreciation of property, plant and equipment	6,342	5,058	25.4	12,930	9,559	35.3
Depreciation of investment property	133	124	7.3	266	241	10.4
Dividend income	(26)	(597)	(95.6)	(145)	(1,377)	(89.5)
Fair value (gain)/loss on held-for-trading investments, net	(134)	(153)	(12.4)	454	(1,487)	>100
Foreign currency exchange gain, net	(3,783)	(2,967)	27.5	(4,184)	(2,290)	82.7
Loss/(Gain) on disposal of held-for-trading investments	61	216	(71.8)	48	(46)	>100
Gain on disposal of property, plant and equipment	(5)	(42)	(88.1)	(5)	(199)	(97.5)
Gain on disposal of subsidiaries	-	-	-	(1,837)	-	100
Finance costs	1,516	1,266	19.7	2,784	2,424	14.9
Interest income	(205)	(254)	(19.3)	(482)	(531)	(9.2)
Inventories written off	65	4	>100	179	65	>100
Property, plant and equipment written off	38	452	(91.6)	45	495	(90.9)

1(b) (i) Statements of Financial Position

	Group		Company	
	As at 31.03.2018 RM'000	**As at 30.09.2017 RM'000**	**As at 31.03.2018 RM'000**	**As at 30.09.2017 RM'000**
Non-current assets				
Property, plant and equipment	275,833	256,871	-	-
Investment properties	27,297	27,563	-	-
Investments in subsidiaries	-	-	91,710	90,351
Available-for-sale financial assets	224	242	-	-
Deferred tax assets	1,499	721	-	-
Intangible assets	32,733	32,842	-	-
	337,586	318,239	91,710	90,351
Current assets				
Inventories	38,284	44,644	-	-
Trade and other receivables	62,976	59,252	278,838	279,541
Tax recoverable	353	573	-	-
Held-for-trading investments	5,117	23,413	5,117	23,413
Fixed deposits	1,871	14,225	-	-
Cash and bank balances	31,741	35,664	2,777	5,175
	140,342	177,771	286,732	308,129
Current liabilities				
Trade and other payables	49,609	47,857	1,445	1,518
Provision for restoration costs	1,472	-	-	-
Bank borrowings	25,241	42,807	-	8,746
Finance lease payables	8,533	7,316	-	-
Current income tax payable	310	178	153	162
	85,165	98,158	1,598	10,426
Net current assets	55,177	79,613	285,134	297,703
Non-current liabilities				
Provision for restoration costs	1,809	1,353	-	-
Bank borrowings	80,394	72,411	-	-
Finance lease payables	20,366	16,538	-	-
Financial guarantee contracts	-	-	2,869	3,522
Deferred tax liabilities	2,187	2,270	-	-
	104,756	92,572	2,869	3,522
Net assets	**288,007**	**305,280**	**373,975**	**384,532**
Capital and reserves				
Share capital	111,406	111,406	111,406	111,406
Treasury shares	(183)	(183)	(183)	(183)
Foreign currency translation reserve	25,042	33,400	30,977	51,424
Fair value reserve	(25)	(7)	-	-
Share options reserve	9,507	9,507	9,507	9,507
Other reserves	(4,562)	(4,562)	-	-
Accumulated profits	155,854	165,294	222,268	212,378
Equity attributable to the owners of the Company	**297,039**	**314,855**	**373,975**	**384,532**
Non-controlling interests	(9,032)	(9,575)	-	-
Total equity	**288,007**	**305,280**	**373,975**	**384,532**

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

	Secured	
	As at 31.03.2018 RM'000	**As at 30.09.2017 RM'000**
Amount payable within one year		
Bank borrowings	25,241	42,807
Finance lease payables	8,533	7,316
	33,774	50,123
Amount payable after one year		
Bank borrowings	80,394	72,411
Finance lease payables	20,366	16,538
	100,760	88,949
Total	**134,534**	**139,072**

The Group's bank borrowings as at 31 March 2018 are secured against the following:

- ⇨ Pledge of leasehold land, buildings and assets under construction;
- ⇨ Pledge of shares of a subsidiary;
- ⇨ Debenture comprising fixed and floating charge over all future and present assets of a subsidiary;
- ⇨ Pledge of available-for-sale financial assets; and
- ⇨ Company's Corporate Guarantees, except for a secured term loan of RM102,000 in the previous financial year.

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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Loss before income tax	(4,835)	(3,283)	(8,978)	(4,515)
Adjustments for:				
Allowance for doubtful receivables	121	232	289	498
Allowance for doubtful receivables no longer required, now written back	(173)	(61)	(178)	(191)
Amortisation of intangible assets	99	136	226	273
Depreciation of property, plant and equipment	6,342	5,058	12,930	9,559
Depreciation of investment property	133	124	266	241
Dividend income	(26)	(597)	(145)	(1,377)
Fair value (gain)/loss on held-for-trading investment, net	(134)	(153)	454	(1,487)
Finance costs	1,516	1,266	2,784	2,424
Foreign currency exchange gain, net	(4,431)	(2,967)	(5,143)	(1,676)
Gain on disposal of property, plant and equipment	(5)	(42)	(5)	(199)
Loss/(Gain) on disposal of held-for-trading investments	61	216	48	(46)
Gain on disposal of subsidiaries	-	-	(1,837)	-
Interest income	(205)	(254)	(482)	(531)
Inventories written off	65	4	179	65
Property, plant and equipment written off	38	452	45	495
Operating (loss)/profit before working capital changes	(1,434)	131	453	3,533
Working capital changes:				
Inventories	918	(4,132)	5,105	470
Trade and other receivables	661	1,414	(6,835)	(4,087)
Trade and other payables	2,213	2,506	7,934	1,943
Cash generated from/(used in) operations	2,358	(81)	6,657	1,859
Interest paid	(188)	(290)	(420)	(632)
Income tax paid, net	(737)	(505)	(1,590)	(247)
Net cash generated from/(used in) operating activities	**1,433**	**(876)**	**4,647**	**980**
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	-	-	-	(139)
Disposal of subsidiary, net of cash acquired (Note 1(c)(i))	-	-	723	-
Interest received	205	254	482	531
Dividend received	26	597	145	1,377
Proceeds from disposal of property, plant and equipment	75	158	76	315
Proceeds from held-for-trading investments	1,148	12,016	17,260	15,970
Purchase of intangible assets	(330)	(135)	(400)	(332)
Purchase of property, plant and equipment	(10,264)	(18,870)	(23,185)	(37,415)
Net changes in fixed deposits pledged to bank	(2)	-	(4)	-
Net cash used in investing activities	**(9,142)**	**(5,980)**	**(4,903)**	**(19,693)**

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

	Second Quarter Ended		Six Months Ended	
	31.03.2018	**31.03.2017**	**31.03.2018**	**31.03.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from financing activities				
Interest paid	(1,328)	(976)	(2,364)	(1,792)
Repayment of finance lease obligations	(2,133)	(1,600)	(4,095)	(3,018)
Drawdown of bank borrowings	13,644	25,236	37,874	49,254
Repayment of bank borrowings	(16,366)	(23,106)	(47,000)	(43,426)
Net cash (used in)/generated from financing activities	**(6,183)**	**(446)**	**(15,585)**	**1,018**
Net change in cash and cash equivalents	**(13,892)**	**(7,302)**	**(15,841)**	**(17,695)**
Cash and cash equivalents at the beginning of the financial period	**46,681**	**48,183**	**48,872**	**58,323**
Effect of exchange rate changes	**(271)**	**(18)**	**(513)**	**235**
Cash and cash equivalents at the end of the financial period	**32,518**	**40,863**	**32,518**	**40,863**
Cash and cash equivalents comprise the following:				
Cash and bank balances	31,741	27,219	31,741	27,219
Unpledged fixed deposits	1,318	14,166	1,318	14,166
Bank overdraft	(541)	(522)	(541)	(522)
	32,518	**40,863**	**32,518**	**40,863**

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

On 18 December 2017, the Group disposed of its entire interest in Family Bakery Sdn. Bhd. and Daily Fresh Bakery Sdn. Bhd. for cash consideration of RM1,500,000.

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

	Carrying amount RM'000
Property, plant and equipment	1,648
Intangible assets	283
Inventories	546
Trade and other receivables	2,392
Tax recoverable	309
Cash and bank balances	777
Trade and other payables	(5,315)
Bank borrowing	(94)
Finance lease payables	(801)
Deferred tax liabilities	(82)
Net identifiable assets	(337)

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

Net identifiable assets disposed (as above)	(337)
Gain on disposal	1,837
Cash proceeds from disposal	1,500
Cash and cash equivalents disposed	(777)
Net cash inflow on disposal	723

1(d) (i) Statements of Changes in Equity for the Six Months ended 31 March 2018 and 31 March 2017

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
At 1 October 2017	111,406	(183)	33,400	(7)	9,507	(4,562)	165,294	314,855	(9,575)	305,280
Loss for the financial period	-	-	-	-	-	-	(9,440)	(9,440)	(259)	(9,699)
Other comprehensive income :										
Exchange differences on translation of foreign operations	-	-	(8,358)	-	-	-	-	(8,358)	802	(7,556)
Available-for-sale financial assets	-	-	-	(18)	-	-	-	(18)	-	(18)
Total other comprehensive Income	-	-	(8,358)	(18)	-	-	-	(8,376)	802	(7,574)
Total comprehensive income for the financial period	-	-	(8,358)	(18)	-	-	(9,440)	(17,816)	543	(17,273)
At 31 March 2018	111,406	(183)	25,042	(25)	9,507	(4,562)	155,854	297,039	(9,032)	288,007
At 1 October 2016	111,406	(183)	31,791	(15,727)	9,507	(4,562)	218,282	350,514	(8,315)	342,199
Loss for the financial period	-	-	-	-	-	-	(4,878)	(4,878)	(478)	(5,356)
Other comprehensive Income:										
Exchange differences on translation of foreign operations	-	-	3,374	(717)	-	-	-	2,657	(289)	2,368
Available-for-sale financial assets	-	-	-	11,236	-	-	-	11,236	-	11,236
Total other comprehensive income	-	-	3,374	10,519	-	-	-	13,893	(289)	13,604
Total comprehensive income for the financial period	-	-	3,374	10,519	-	-	(4,878)	9,015	(767)	8,248
At 31 March 2017	111,406	(183)	35,165	(5,208)	9,507	(4,562)	213,404	359,529	(9,082)	350,447

1(d) (i) Statements of Changes in Equity for the Second Quarter ended 31 March 2018 and 31 March 2017

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 2017	111,406	(183)	30,568	(55)	9,507	(4,562)	160,670	307,351	(9,174)	298,177
Loss for the financial period	-	-	-	-	-	-	(4,816)	(4,816)	(136)	(4,952)
Other comprehensive income :										
Exchange differences on translating foreign operations	-	-	(5,526)	-	-	-	-	(5,526)	278	(5,248)
Available- for- sale financial assets	-	-	-	30	-	-	-	30	-	30
Total other comprehensive income	-	-	(5,526)	30	-	-	-	(5,496)	278	(5,218)
Total comprehensive income for the financial period	-	-	(5,526)	30	-	-	(4,816)	(10,312)	142	(10,170)
Balance at 31 March 2018	111,406	(183)	25,042	(25)	9,507	(4,562)	155,854	297,039	(9,032)	288,007
Balance at 31 December 2016	111,406	(183)	36,617	(6,921)	9,507	(4,562)	216,853	362,717	(8,868)	353,849
Loss for the financial period	-	-	-	-	-	-	(3,449)	(3,449)	(268)	(3,717)
Other comprehensive income :										
Exchange differences on translating foreign operations	-	-	(1,452)	(332)	-	-	-	(1,784)	54	(1,730)
Available- for- sale financial assets	-	-	-	2,045	-	-	-	2,045	-	2,045
Total other comprehensive income	-	-	(1,452)	1,713	-	-	-	261	54	315
Total comprehensive income for the financial period	-	-	(1,452)	1,713	-	-	(3,449)	(3,188)	(214)	(3,402)
Balance at 31 March 2017	111,406	(183)	35,165	(5,208)	9,507	(4,562)	213,404	359,529	(9,082)	350,447

1(d) (i) Statements of Changes in Equity for the Six Months ended 31 March 2018 and 31 March 2017

Company	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
Balance at 1 October 2017	111,406	(183)	51,424	-	9,507	212,378	384,532
Profit for the financial period	-	-	-	-	-	9,890	9,890
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(20,447)	-	-	-	(20,447)
Available-for-sale financial assets	-	-	-	-	-	-	-
Total other comprehensive income	-	-	(20,447)	-	-	-	(20,447)
Total comprehensive income for the financial period	-	-	(20,447)	-	-	9,980	(10,557)
Balance at 31 March 2018	111,406	(183)	30,977	-	9,507	222,268	373,975
Balance at 1 October 2016	111,406	(183)	44,458	(15,107)	9,507	79,944	230,025
Loss for the financial period	-	-	-	-	-	(10,585)	(10,585)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	11,408	(717)	-	-	10,691
Available-for-sale financial assets	-	-	-	11,164	-	-	11,164
Total other comprehensive income	-	-	11,408	10,447	-	-	21,855
Total comprehensive income for the financial period	-	-	11,408	10,447	-	(10,585)	11,270
Balance at 31 March 2017	111,406	(183)	55,866	(4,660)	9,507	69,359	241,295

1(d) (i) Statements of Changes in Equity for the Second Quarter ended 31 March 2018 and 31 March 2017

Company	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
Balance at 31 December 2017	111,406	(183)	42,222	-	9,507	215,635	378,587
Profit for the period	-	-	-	-	-	6,633	6,633
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(11,245)	-	-	-	(11,245)
Available-for-sale financial assets	-	-	-	-	-	-	-
Total other comprehensive income	-	-	(11,245)	-	-	-	(11,245)
Total comprehensive income for the financial period	-	-	(11,245)	-	-	6,633	(4,612)
Balance at 31 March 2018	111,406	(183)	30,977	-	9,507	222,268	373,975
Balance at 31 December 2016	111,406	(183)	50,566	(6,288)	9,507	68,241	233,249
Profit for the period	-	-	-	-	-	1,118	1,118
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	5,300	(332)	-	-	4,968
Available-for-sale financial assets	-	-	-	1,960	-	-	1,960
Total other comprehensive income	-	-	5,300	1,628	-	-	6,928
Total comprehensive income for the financial period	-	-	5,300	1,628	-	1,118	8,046
Balance at 31 March 2017	111,406	(183)	55,866	(4,660)	9,507	69,359	241,295

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

Share Capital		**COMPANY**	
	Number of shares	**S$'000**	**RM'000**
Issued and fully paid-up ordinary shares as at 31 December 2017 and 31 March 2018	126,385,289	46,526	111,406

Treasury Shares		**COMPANY**	
	Number of treasury shares	**S$'000**	**RM'000**
Balance as at 31 March 2018	(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 2016 and 31 March 2017	126,385,289	46,526	111,406

Treasury Shares		**COMPANY**	
	Number of treasury shares	**S$'000**	**RM'000**
Balance as at 31 March 2017	(242,000)	(76)	(183)

	As at 31.03.2018	**As at 31.03.2017**
The number of shares that may be issued on exercise of share options outstanding at the end of the financial year	-*	2,378,000

* Unexercised share options of 2,378,000 have lapsed on expiry of the options on 12 October 2017 at 5.00 p.m.

There were no subsidiary holdings held against the total number of shares outstanding as at 31 March 2018.

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

As at 31 March 2018, the total number of issued shares less treasury shares of the Company was 126,143,289 shares (30 September 2017: 126,143,289 shares).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 March 2018.

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

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 31 March 2018.

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 2017. In addition, the Group also adopted various revisions to the Singapore Financial Reporting Standards ("FRS") which became effective beginning 1 October 2017.

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

	Second Quarter Ended		**Six Months Ended**	
	31.03.2018	**31.03.2017**	**31.03.2018**	**31.03.2017**
Net loss attributable to owners of the Company for the financial period (RM '000)	(4,816)	(3,449)	(9,440)	(4,878)
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
Loss per share (RM sen)				
- Basic	(3.82)	(2.73)	(7.48)	(3.87)
- Fully diluted	(3.82)	(2.73)	(7.48)	(3.87)

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

	Group		Company	
	As at	As at	As at	As at
	31.03.2018 RM	30.09.2017 RM	31.03.2018 RM	30.09.2017 RM
Net asset value per ordinary share based on issued share capital at the end of the financial period/year	2.28	2.42	2.96	3.05

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

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

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

Business Segments

The Group's core business segments are as follows:

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

e) Dairies Division – distribution of condensed and evaporated milk.

Performance Review

Review on Consolidated Statement of Comprehensive Income

Second Quarter Ended 31 March 2018

For the quarter under review, the Group's revenue improved marginally by RM0.8 million or 0.8% to RM101.1 million as compared to the preceding corresponding quarter of RM100.3 million. This was primarily driven by strong performance of its Food Services Division and additional revenue contribution from the new Dairies Division. These increases were substantially impacted by lower revenue contribution from the Trading and Frozen, Food Processing and Nutrition Divisions.

The Food Services Division continues to achieve a significant top line growth of RM10.3 million or 31.7%, from RM32.5 million to RM42.8 million. Texas Chicken's robust revenue jumped from RM25.1 million to RM33.3 million, an increase of RM8.2 million or 32.7% which was buoyed by the opening of 12 additional stores since Q2FY2017. Its better sales performance was also attributable to higher brand awareness and the favourable market acceptance of its value and quality products. San Francisco Coffee added another eight stores to its chain resulting in the increase of revenue from RM5.5 million to RM7.2 million, representing an increase of RM1.7 million or 30.9%. The division was also supported by the Delicious restaurant business which posted an increase in sales of RM0.3 million or 15.8%, from RM1.9 million to RM2.2 million.

Number of stores:

	Q2FY2018	Q2FY2017
Texas Chicken	46	34
San Francisco Coffee	39	31
Delicious restaurant	4	5

The new Dairies Division has contributed an additional revenue of RM4.8 million to the Group.

Revenue from the Trading and Frozen Food Division had fallen by RM5.5 million or 13.4%, from RM41.3 million to RM35.8 million amid the lower revenue from its Hotel, Restaurant and Retail sectors. This was badly affected by the shortages of quality beef and dairy products, coupled with the suspension of two beef plants by the Department of Islamic Development Malaysia (JAKIM) and the Department of Veterinary Services Malaysia (DVS).

Overall, the Group's Food Processing Division recorded a lower revenue of RM10.8 million compared to the preceding corresponding quarter of RM17.7 million, representing a decrease of RM6.9 million or 39.0%. The decline was mainly attributable to the lower revenue contribution from its bakery business of RM6.2 million or 60.8%, from RM10.2 million to RM4.0 million following the disposal of Family Bakery Group on 18 December 2017. Its beverages business' revenue also fell by RM2.5 million or 73.5%, from RM3.4 million to RM0.9 million after scaling down of its operation since the last quarter of FY2017. However, these reductions have been partially negated by the improved performance of Contract Packing for Dairy and Juice based drinks business which saw a top line growth of RM2.0 million or 47.6%, from RM4.2 million to RM6.2 million on the back of higher demand from its existing and new customers.

The Nutrition Division continues to report a decline in revenue of RM1.8 million or 20.5%, from RM8.8 million to RM7.0 million mainly attributed to lower revenue from its Australia Route and NZ Retail sectors. For some period now Nutrition Division has lost market share in the traditional distribution channel primarily due to more competitively priced US brands as well as a significant increase in dealings by Australian and New Zealand brands as they compete to retain market share. Additionally, market share is down in the key New Zealand supermarket channel which is due to aggressive competitor promotional programmes.

The Group's gross profit margin improved from 34.4% to 37.4% quarter-on-quarter on the back of higher sales contribution from the Food Services Division and the Contract Packing for Dairy and Juice based drinks business which derives higher margin from their products.

Other operating income of RM5.3 million comprises mainly the foreign currency fluctuation gain of RM3.8 million and rental income from corporate building of RM0.4 million.

The Group's operating expenses rose from RM41.7 million to RM46.4 million, an increase of RM4.7 million or 11.4% mainly attributable to the higher selling and marketing expenses and administrative expenses, which increased by RM4.8 million or 20.5% and RM0.8 million or 7.3% respectively. The selling and marketing expenses increased by RM6.9 million to support the expansion of Texas Chicken and San Francisco Coffee stores, as well as inclusion of the new Dairies Division's operating costs. These increases were partially negated by the following:

i) absence of selling and marketing expenses of its disposed fresh bakery business of RM1.5 million;
ii) lower selling and marketing expenses of its scaled down beverages business of RM0.6 million; and
iii) lower selling and marketing expenses of its Nutrition Division of RM0.7 million which was in line with its lower sales.

Finance costs increased by RM0.1 million or 19.7%, from RM1.3 million to RM1.5 million was mainly due to higher bank borrowings to finance the construction of warehouse and additional hire purchase facilities to finance the set-up costs of the new stores.

Income tax expense declined to RM0.1 million as compared to RM0.4 million in the preceding corresponding quarter, mainly attributable to a lower tax losses recognized as deferred tax assets by certain subsidiaries.

Due to the various factors stated above, the Group reported a loss after tax of RM5.0 million as compared to RM3.7 million in the preceding corresponding quarter.

Six Months Ended 31 March 2018

For the six months period under review, the Group continues to register higher revenue of RM210.2 million as compared to the previous corresponding period of RM202.0 million, an increase of RM8.2 million or 4.1%. This was mainly driven by the better performance from the Food Services Division with exceptional revenue surged by RM23.5 million and additional revenue contribution from new Dairies Division of RM4.8 million. However, these increases have partially negated by lower sales from the Food Processing Divisions, Trading and Frozen Food and Nutrition Divisions of RM8.3 million, RM8.2 million and RM3.6 million, respectively.

Gross profit margin improved to 37.0% from 33.7% in the previous corresponding period on the back of higher sales contribution from the Food Services Division and the Contract Packing for Dairy and Juice based drinks business which derives higher margin from their products.

Other operating income of RM8.8 million comprises mainly the foreign currency fluctuation gain of RM4.2 million, gain on disposal of subsidiaries of RM1.8 million and rental income from corporate building of RM0.8 million.

Overall, the Group's operating expenses increased by RM14.3 million or 18.3%, from RM78.4 million to RM92.7 million amid higher selling and marketing expenses and administrative expenses, which increased by RM12.3 million or 28.9% and RM2.4 million or 11.1%. The selling and marketing expenses increased by RM15.2 million to support the expansion of Texas Chicken and San Francisco Coffee stores, as well as inclusion of the operating costs of its Delicious restaurant business and the new Dairies Division. These increases were partially negated by the lower selling and marketing expenses of RM2.9 million due to:

i) disposal of its fresh bakery business in December 2017;
ii) scaled down of its beverages business; and
iii) lower selling and marketing expenses of its Nutrition Division which was in line with its lower sales .

Other operating expenses of RM0.6 million represent largely the fair value loss on held-for-trading investments of RM0.5 million.

Finance costs increased by RM0.4 million or 14.9%, from RM2.4 million to RM2.8 million primarily due to higher bank borrowings to finance a new warehouse and additional hire purchase facilities to finance the set-up costs of the new stores.

Income tax expense declined to RM0.7 million as compared to RM0.8 million in the preceding corresponding period was mainly attributable to a lower tax losses recognized as deferred tax assets by certain subsidiaries.

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Due to the various factors stated above, the Group registered a loss after tax of RM9.7 million from RM5.4 million reported in the previous corresponding period.

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

Non-current assets increased by RM19.4 million from RM318.2 million to RM337.6 million was mainly due to the construction of new factory and warehouse in Halal Hub, Pulau Indah and the set-up costs for new stores.

Current assets decreased significantly by RM37.4 million was largely due to the disposal of held-for-trading investments of RM17.3 million and fixed deposits withdrawals of RM12.4 million which were utilised for set-up of new stores, deposit paid for the acquisition of investment, settlement of bank borrowings and working capital for the Group.

The Group's current liabilities declined by RM13.0 million due mainly to the settlement of bank borrowings and lower usage of trade line facilities. Whereas the Group's non-current liabilities increased by RM12.2 million was primarily attributable to higher bank borrowings of RM8.0 million to finance the construction of the new factory and warehouse in Halal Hub, Pulau Indah and higher finance lease payables of RM3.8 million for setting up of new stores.

<u>Review on Consolidated Statement of Cash Flows</u>

<u>Second Quarter Ended 31 March 2018</u>

The Group recorded a net decrease in cash and cash equivalents of RM13.9 million for the current quarter ended 31 March 2018.

Net cash generated from operating activities amounting to RM1.4 million was attributable to the increase in trade and other payables of RM2.2 million, reduction in inventories of RM0.9 million and decrease in receivables of RM0.6 million. These were partially offset against the operating loss of RM1.4 million, income tax and interest payments of RM0.9 million.

The Group net cash used in investing activities of RM9.1 million was largely attributable to the construction of new factory and warehouse and set-up costs for the new stores of RM10.3 million, offset by the proceeds from held-for-trading investments of RM1.1 million.

For financing activities, the Group has drawdown the bank borrowings of RM13.6 million to finance the construction of factory and warehouse buildings as well as for additional trade line facilities. The Group has utilised RM19.8 million for the settlement of bank borrowings, hire purchase payables and interest payment. These resulted the net cash used in financing activities of RM6.2 million.

Six Months Ended 31 March 2018

The Group registered a net decrease in cash and cash equivalents of RM15.8 million for the current financial period ended 31 March 2018.

Net cash generated from operating activities amounting to RM4.6 million was attributable to the increase in trade and other payables of RM7.9 million, reduction in inventories of RM5.1 million and operating profit of RM0.4 million. These were partially offset against the increase in receivables of RM6.8 million, income tax and interest payments of RM2.0 million.

The Group net cash used in investing activities of RM4.9 million was largely attributable to the construction of new factory and warehouse and set-up costs for the new stores of RM23.2 million, offset by the proceeds from held-for-trading investments of RM17.3 million.

For financing activities, the Group has drawdown the bank borrowings of RM37.9 million to finance the construction of factory and warehouse buildings as well as for additional trade line facilities. The Group has utilised RM53.5 million for the settlement of bank borrowings, hire purchase payables and interest payment. These resulted the net cash used in financing activities of RM15.6 million.

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

Not applicable.

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

a) Trading and Frozen Food Division

The Malaysian Ringgit has continued to strengthen against the US Dollar in this quarter, resulting in the reduction of prices for some food costs. However, the reduction of food costs has not translated into increased sales reflecting the poor spending of the consumers. Supplies of meat and dairy products have not improved since the suspension of two beef plants by the Department of Islamic Development Malaysia (JAKIM) and the Department of Veterinary Services Malaysia (DVS), and high shortage of milk in Australia and other countries has not abated. The shortages of quality beef and dairy products have impacted the current quarter revenue.

Supply of lamb and mutton from Australia and New Zealand has not improved much although prices have stabilised.

The main supplier for cheese and butter from Australia is still unable to supply butter citing severed shortage of milk and as for cheese supply is still limited. This has impacted the revenue for cheese and butter.

Pok Brothers has moved into its new warehouse facility in Selangor Halal Hub, located in Pulau Indah in the first week of December 2017, which will cater for the expansion and growth of Pok Brothers and the Group. The existing facility in Glenmarie will continue to serve as the central distribution point for Klang Valley. Moving forward, it is expected that operating costs associated with a bigger facility will impact the bottom line unless revenue increased accordingly. In addition, unless there is improvement on the supplies side, the next twelve months will be very challenging for the division to maintain or improve its performance. On the other hand, the continued strengthening of Ringgit against major trading partners will help to reduce the cost of imported goods.

b) Food Services Division

The strengthening of Ringgit Malaysia against US Dollar has resulted in savings for certain food costs. Higher rebates have been obtained from certain suppliers on achievement of targeted volume. Overall, Texas Chicken should be in a position to negotiate for better prices of most food costs as volume grows in tandem with the increasing number of outlets. Texas is also constantly sourcing for new competitive suppliers to complement its growing business to ensure the lowest prices are obtained.

Existing stores should be able to maintain its top line on the back of the continuing strength of Texas Chicken despite the current soft market sentiment. Because of growing awareness of its brand and the growing number of malls compounded by the current slower retail trade, Texas Chicken has been attracting offers from malls and shop lots in and outside the Klang Valley. This has enable Texas Chicken to improve the site selections at more attractive rates as compared to previously. For the current quarter, Texas has opened another three stores located in Kulim Central in Kedah, Sunshine Square in Penang and SOHO in Ipoh just before the celebration of Chinese Lunar New Year, bringing the total store count to 46. Responses were overwhelming and sales have been very encouraging to-date. For the next two quarters, Texas Chicken is expected to open another three stores.

For San Francisco Coffee, prices of raw materials have been stable. Price of imported green beans has seen a slight reduction as a result of the strengthening Ringgit Malaysia against the US Dollar. Cost savings has been achieved with alternative suppliers for syrups, local cups and lids. Milk price remains unchanged.

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

To date, San Francisco Coffee has opened 40 stores. The latest store was opened on 7th April 2018 at Gamuda Walk in Kota Kemuning and it has plan to open another nine stores in the next 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.

After a period of sustained increase in international prices for milk powder early in 2018 prices have since stabilised. 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. After a period of increased prices for these ingredients they have recently stabilised. The company predominantly draws their specialised protein ingredients exclusively from Fonterra Cooperative, New Zealand's pre-eminent dairy product supplier - Fonterra have recently launched a full range of 'Protein' products to capitalise on this opportunity. All remaining raw materials and packaging requirements are actively tendered via the company's contracted powder products manufacturer on an open book costing basis.

The Division markets their range of sports nutrition and weight management products under the Horleys brand. The Horleys brand had been losing market share in the key New Zealand supermarket channel for a period however this quarter it can be reported that some market share has been recovered being 23.2%* (22.4% last quarter) market share of New Zealand key accounts. The aggressive promotional programme being activated by key competitor, Vitaco.
(* reference obtained from Aztec Data dated Mar 2018)

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

The Horleys marketing team have reviewed each of Horleys product sub ranges and are progressively relaunching these ranges to better address consumer needs and strengthen and simplify the 'call outs' on the product labels. To date they have completed the re-launch of the *'Training Series'* product range which are entry level products sold primarily in supermarkets as well as the *'Sculpt'* women's shaping protein range. Most recently the entire *Elite* range of products targeted at heavier users has been re-developed and is currently in the process of being rolled out.

A significant effort has been made by the Horleys product development team to reduce the cost of goods while not materially compromising the quality of the product offering with some substantial achievements in this area. Indications from the trade remain positive as the Horleys range will be more competitive while offering the trade satisfactory margins.

d) Food Processing Division

(i) Bakery

Prices of main ingredients, like butter, flour, sugar and yeast are still volatile. To mitigate rising costs, alternative suppliers are constantly being sought.

The local market has shown an uptrend with the introduction of additional products and the penetration into the retail sector. To further expand the market, more sales personnel are recruited and delivery has been improved with additional lorries. The company will intensify its marketing activities to carry the momentum gained into the next few quarters.

(ii) Butchery

The retail pack of 100 grams of Gourmessa home grown brand has been successful in capturing substantially the market in that segment and will be launching the new packaging soon to sustain the market position. In addition, Gourmessa has appointed a distributor in Singapore to distribute its products to the supermarkets, independent grocery stores, restaurant and hotels. Following the commencement of export sales to Singapore, and possibly Thailand and the addition of a new strong customer, revenue for the next quarter should be improved.

Gourmessa has completed the construction of its factory building in the Selangor Halal Hub, located in Pulau Indah. However, it will only be relocating to its new and bigger facility after completion of inspection and audit, including getting its halal certification by all the relevant authorities, which will most probably be in the third quarter of FY2018.

(iii) Beverages

Due to the continued poor local and export sales, management has decided to scale down the operations from the last quarter of FY2017.

(iv) Contract Packing for Dairy and Juice Based Drinks

Demand for PET Aseptic co-packing continues to come from legacy beverages such as Up and Go, Primo, Mammouth and Nippys who are converting to PET.

There are several new co-packers entering the PET Aseptic market both in New Zealand and Australia such as Nippys, Pactum and Apollo. The new co-packers include some of our existing co-pack customers who will take their production in-house.

Some of EDNZ flavoured milk customers are exiting the market due to poor margins and high milk costs and transport costs with NZ.

EDNZ still enjoy strong demand for supply of high value added Aseptic PET bottled products especially white milk for Asia region but competition from new manufacturers in the region can be expected to impact sometime in late 2018 as they come online and offer competing services.

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 financial period ended 31 March 2018.

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 second 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 2018 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

02 May 2018

ENVICTUS INTERNATIONAL HOLDINGS LIMITED
Registration No: 200313131Z

ENVICTUS

NEWS RELEASE

ENVICTUS POSTS REVENUE OF RM101.1 MILLION IN Q2FY2018

- ***Food Services Division's 31.7% revenue growth driven by higher revenue contributions from Texas Chicken, San Francisco Coffee chain and Delicious restaurant business***
- ***Maiden revenue contribution of RM4.8 million from new Dairies Division***
- ***Gross profit margin up 3.0 percentage points to 37.4% due to increased sales and higher margin products from Food Services Division and Contract Packing for Dairy and Juice based business***
- ***Generated net operating cash flow of RM1.4 million against net cash used in operating activities of RM0.9 million in Q2FY2017***
- ***Total store count of 47 Texas Chicken outlets to date; expects to open another two outlets over the next two quarters***
- ***Total store count under San Francisco Coffee at 40 to date; plans to open another nine stores within the current financial year***

Singapore, 2 May 2018 – 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 revenue of RM101.1 million for the three months ended 31 March 2018 ("Q2FY2018") compared to RM100.3 million in the previous corresponding period ("Q2FY2017"). However, the Group posted a loss after tax of RM5.0 million in Q2FY2018, due largely to the 11.4% higher overall operating expenses.

Envictus' Group Chairman, Dato' Jaya Tan said, "Overall, our Group revenue was driven by a good showing from our Food Services Division, which offset a slower performance by the other three divisions. We have continued to see a robust performance by Texas Chicken, which remains the top performer under our Food Services Division. Its significant revenue growth of 32.7% was driven by the opening of 12 additional stores and favourable market acceptance of its strong branding, value and good quality products. We have also seen a good 'harvest' from both San Francisco and Delicious restaurant business, with the opening of additional outlets for San Francisco; and gradual market acceptance of the latter following the completion of our rebranding exercise respectively. Our new Dairies Division which mainly distributes condensed and evaporated milk, has also added a new revenue stream for the Group.

"Operationally under our Food Services Division, other than Texas Chicken which has achieved positive EBITDA, we will require a longer gestation period for our San Francisco Coffee chain and Delicious restaurant business as we invest in selling, marketing and other related expenses to build-up branding and market share.

"We aim to keep up the growth momentum of our various brands through a well-balanced marketing programme, strategic store expansion, and the continual introduction of new menus where feasible."

Financial Review

In Q2FY2018, the Food Services Division recorded revenue growth of RM10.3 million from RM32.5 million to RM42.8 million. The 31.7% robust growth was driven by the opening of 12 additional stores under Texas Chicken since Q2FY2017 and is also attributable to higher brand awareness and the favourable market reception of its quality product and value. Concurrently, the San Francisco Coffee chain posted an additional sales of RM1.7 million to the division's revenue whilst the Delicious restaurant business contributed a revenue of RM2.2 million, 15.8% higher from RM1.9 million posted in Q2FY2017. Additionally, the new Dairies Division contributed a revenue of RM4.8 million to the Group.

However, the performance of the Food Services Division was impacted by lower revenue contribution from the Trading and Frozen Food, Nutrition and Food Processing Divisions. The Trading and Frozen Food Division's revenue declined 13.4% from RM41.3 million in Q2FY2017 to RM35.8 million in Q2FY2018, which is largely due to the shortage of quality beef as a result of the suspension of two beef plants by the Department of Islamic Development Malaysia (JAKIM) and the Department of Veterinary Services Malaysia (DVS) as well as shortage of dairy products in the market.

The Nutrition Division posted a revenue of RM7.0 million in Q2FY2018 as compared to RM8.8 million recorded in Q2FY2017. The 20.5% lower revenue was primarily due to some loss of market share to the more competitively priced US brands as well as a significant increase in the presence of Australian and New Zealand brands.

The Food Processing Division recorded a lower sales of RM10.8 million as compared to RM17.7 million in Q2FY2017. This was mainly due to a decline in revenue contribution from both the fresh bakery and beverage businesses. Following the disposal of Family Bakery Group in December last year, the remaining frozen bakery business achieved revenue of RM4.0 million against RM10.2 million in Q2FY2017. Similarly, the beverage segment posted a 73.5% lower revenue of RM0.9 million in Q2FY2018 after scaling down its operations. However, the lower sales from the bakery and beverage businesses have been mitigated by the improved performance of Contract Packing for Dairy and Juice based drinks business, which recorded a sales growth of 47.6% to RM6.2 million, driven by the higher demand from its existing and new customers.

Gross profit margin rose 3.0 percentage points to 37.4% in Q2FY2018 on the back of higher sales achieved by the Food Services Division and the Contract Packing for Dairy and Juice based drinks business which derived higher margin from their products.

Other operating income of RM5.3 million comprises mainly of the foreign currency fluctuation gain of RM3.8 million and rental income of RM0.4 million from the corporate building.

Operating expenses rose from RM41.7 million to RM46.4 million in Q2FY2018 mainly due to higher selling, marketing and administrative expenses attributed to costs associated with the opening of new outlets for Texas Chicken and San Francisco Coffee chain and the inclusion of operating costs arising from the new Dairies Division.

Finance costs rose by RM0.1 million to RM1.5 million due to higher bank borrowings to finance the construction of the warehouse catered for the expansion and growth of the Group's wholly-owned subsidiary Pok Brothers Sdn Bhd ("Pok Brothers") as well as additional hire purchase facilities utilised for expansion of new restaurant outlets.

Overall, the Group recorded a loss after tax of RM5.0 million as compared to a loss of RM3.7 million in Q2FY2017.

Backed by its active working capital management, the Group generated a net cash flow from operations of RM1.4 million in Q2FY2018 against net cash used in operating activities of RM0.9 million in Q2FY2017. The Group's cash and cash equivalents stood at RM32.5 million while shareholders' equity was RM288.0 million as at 31 March 2018.

Outlook

Under the Trading and Frozen Food Division, Pok Brothers moved into its new warehouse facility in the Selangor Halal Hub in Pulau Indah in December last year. Moving forward, while the operating costs associated with a bigger facility will impact the bottom line until revenue increases accordingly, the continued strengthening of the Ringgit against major trading partners will help to reduce the cost of imported goods.

Commenting on the Group’s best performing Food Services Division, Group Chief Executive Officer, Dato’ Kamal Tan said, “We have leveraged on Texas Chicken’s strong market acceptance and opened another 12 new outlets since Q2FY2017, with a further addition of three new outlets before the Chinese New Year, which received a resounding response. We now have a footprint of 47 outlets to date and will capitalise on Texas Chicken’s established brand name and strong market position to improve site selections and rental terms by opening another two stores over the next two quarters.

“San Francisco Coffee has 40 outlets to date, with the latest store opened in April this year. We plan to open another nine stores in the next two quarters of FY2018 as the coffee chain continues to make new strides with the successful completion of its rebranding exercise, refreshed menu and new concepts. We are optimistic that the new cafe concept with customised design theme for each individual store will enable the brand to expand its presence beyond office buildings and penetrate the malls as well as lifestyle markets.”

The Food Processing Division’s businesses are pressured by factors such as increasing prices of some raw materials, lacklustre consumer demand as well as competition. Under the division’s butchery business, Gourmessa has appointed a distributor in Singapore to distribute its products to supermarkets, independent grocery stores, restaurants and hotels. With the commencement of export sales to Singapore, and possibly Thailand, together with the addition of a new customer, the Group expects revenue from the butchery business to improve in the next quarter. Also, Gourmessa will be relocating to its new factory building in the Selangor Halal Hub, located in Pulau Indah, upon the completion of inspection and audit checks, including obtaining its halal certification from all the relevant authorities, which will likely be in the third quarter of FY2018.

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. Envictus also owns Malaysian homegrown specialty coffee chain business – San Francisco Coffee – which serves house roasted coffee in Malaysia. Lastly, we have the Delicious Group of restaurants which are new lifestyle restaurants serving hearty Western and Asian-fusion cuisine.

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™ (only available in powdered format) and Covet™ range of nut milks. 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 channels.

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. Held under the Bakery segment, De-luxe Food Services Sdn Bhd, is the Group's wholly-owned subsidiary which produces frozen bakery items under the brand name of Hearty Bake. The Group's Butchery business manufactures and processes cold cuts, sausages, portion control meat and smoked salmon for distribution to supermarkets, hotels and restaurants under the brand name, Gourmessa. 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.

The Group is in the ready-to-drink segment via our subsidiary, Envictus Dairies NZ Limited, which operates New Zealand's first state-of-art, UHT Aseptic PET bottling line for dairy, juice and water products at the Whakatu Industrial Park. The plant currently produces UHT white milk for the China and Taiwan markets, flavoured milk (typically chocolate, coffee, strawberry and banana) for Australasia, pet milk (a lactose free formulation suitable for cats and dogs) and fruit juice (typically from apple or kiwifruit - fresh or concentrate) for local and Asian markets.

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

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