Financial Statements and Related Announcement::Third Quarter 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
Date & Time of Broadcast	10-Aug-2018 17:41:45
Status	New
Announcement Sub Title	Third Quarter Results
Announcement Reference	SG180810OTHR41KB
Submitted By (Co./ Ind. Name)	S SURENTHIRARAJ AND KOK MOR KEAT
Designation	COMPANY SECRETARIES
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please refer to the attachment.

Additional Details

For Financial Period Ended	30/06/2018

Attachments	EIHL_Q3FY2018 NR.pdf Total size =281K

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

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 30 JUNE 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

	Third Quarter Ended 30.06.2018 RM'000	Third Quarter Ended 30.06.2017 RM'000	Change %	Nine Months Ended 30.06.2018 RM'000	Nine Months Ended 30.06.2017 RM'000	Change %
Revenue	102,811	103,401	(0.6)	313,022	305,358	2.5
Cost of goods sold	(65,766)	(68,003)	(3.3)	(198,273)	(201,856)	(1.8)
Gross profit	37,045	35,398	4.7	114,749	103,502	10.9
Other operating income	8,508	6,397	33.0	13,171	14,580	(9.7)
Operating expenses						
Administrative expenses	(12,512)	(11,239)	11.3	(36,377)	(32,710)	11.2
Selling and marketing expenses	(28,599)	(24,300)	17.7	(83,600)	(66,983)	24.8
Warehouse and distribution expenses	(6,563)	(6,905)	(5.0)	(19,477)	(20,021)	(2.7)
Research and development expenses	(256)	(225)	13.8	(649)	(819)	(20.8)
Other operating expenses	(4,240)	(50)	>100	(628)	(564)	11.3
	(52,170)	(42,719)	22.1	(140,731)	(121,097)	16.2
Loss before interest and tax	**(6,617)**	**(924)**	**>100**	**(12,811)**	**(3,015)**	**>100**
Finance costs	(1,815)	(1,273)	42.6	(4,599)	(3,697)	24.4
Loss before income tax	**(8,432)**	**(2,197)**	**>100**	**(17,410)**	**(6,712)**	**>100**
Income tax credit/(expense)	522	(770)	>100	(199)	(1,611)	(87.6)
Loss for the period	**(7,910)**	**(2,967)**	**>100**	**(17,609)**	**(8,323)**	**>100**

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

	Third Quarter Ended			Nine Months Ended		
	30.06.2018 RM'000	30.06.2017 RM'000	Change %	30.06.2018 RM'000	30.06.2017 RM'000	Change %
Loss for the period	**(7,910)**	**(2,967)**	**>100**	**(17,609)**	**(8,323)**	**>100**
Other comprehensive Income:						
Items that may be reclassified subsequently to profit or loss :						
Exchange differences on translating foreign operations	3,964	(1,380)	>100	(3,592)	988	>100
Fair value (loss)/gain on available-for-sale assets	(65)	(1,393)	(95.3)	(83)	9,843	>100
Other comprehensive income, net of tax	3,899	(2,773)	>100	(3,675)	10,831	>100
Total comprehensive income for the period	**(4,011)**	**(5,740)**	**(30.1)**	**(21,284)**	**2,508**	**>100**
Loss attributable to:						
Owners of the Company	(7,514)	(2,769)	>100	(16,954)	(7,647)	>100
Non-controlling interests	(396)	(198)	100	(655)	(676)	(3.1)
	(7,910)	**(2,967)**	**>100**	**(17,609)**	**(8,323)**	**>100**
Total comprehensive income attributable to:						
Owners of the Company	(3,837)	(5,438)	(29.4)	(21,653)	3,577	>100
Non-controlling interests	(174)	(302)	(42.2)	369	(1,069)	>100
	(4,011)	**(5,740)**	**(30.1)**	**(21,284)**	**2,508**	**>100**

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

	Third Quarter Ended			Nine Months Ended		
	30.06.2018 RM'000	30.06.2017 RM'000	Change %	30.06.2018 RM'000	30.06.2017 RM'000	Change %
Allowance for doubtful receivables	426	219	94.5	715	717	(0.3)
Allowance for doubtful receivables no longer required, now written back	(37)	(74)	(50.0)	(215)	(265)	(18.9)
Amortisation of intangible assets	101	138	(26.8)	327	411	(20.4)
Depreciation of property, plant and equipment	6,612	5,299	24.8	19,542	14,858	31.5
Depreciation of investment properties	125	121	3.3	391	362	8.0
Dividend income	(4)	(496)	(99.2)	(149)	(1,873)	(92.0)
Fair value (gain)/loss on held-for-trading investments, net	(3)	(902)	(99.7)	451	(2,389)	>100
Foreign currency exchange loss/(gain), net	4,251	(542)	>100	67	(2,831)	>100
Gain on disposal of held-for-trading investments	(47)	(316)	(85.1)	1	(362)	>100
Gain on disposal of investment property	(2,812)	-	100	(2,812)	-	100
Gain on disposal of property, plant and equipment	(4,773)	(111)	>100	(4,778)	(310)	>100
Gain on disposal of subsidiaries	-	-	-	(1,837)	-	100
Finance costs	1,815	1,273	42.6	4,599	3,697	24.4
Interest income	(88)	(248)	(64.5)	(570)	(779)	(26.8)
Write back of inventories written off	(54)	-	(100)	(54)	-	(100)
Inventories written off	33	115	(71.3)	212	180	17.8
Property, plant and equipment written off	113	9	>100	158	504	(68.7)

1(b) (i) Statements of Financial Position

	Group		Company	
	As at 30.06.2018 RM'000	**As at 30.09.2017 RM'000**	**As at 30.06.2018 RM'000**	**As at 30.09.2017 RM'000**
Non-current assets				
Property, plant and equipment	294,403	256,871	-	-
Investment properties	23,484	27,563	-	-
Investments in subsidiaries	-	-	103,290	90,351
Available-for-sale financial assets	159	242	-	-
Deferred tax assets	2,404	721	-	-
Intangible assets	36,558	32,842	-	-
	357,008	318,239	103,290	90,351
Current assets				
Inventories	40,249	44,644	-	-
Trade and other receivables	77,437	59,252	306,878	279,541
Tax recoverable	750	573	-	-
Held-for-trading investments	-	23,413	-	23,413
Fixed deposits	549	14,225	-	-
Cash and bank balances	38,152	35,664	7,771	5,175
	157,137	177,771	314,649	308,129
Current liabilities				
Trade and other payables	54,686	47,857	2,048	1,518
Provision for restoration costs	1,432	-	-	-
Bank borrowings	42,674	42,807	19,913	8,746
Finance lease payables	8,401	7,316	-	-
Current income tax payable	210	178	154	162
	107,403	98,158	22,115	10,426
Net current assets	49,734	79,613	292,534	297,703
Non-current liabilities				
Provision for restoration costs	1,864	1,353	-	-
Bank borrowings	80,891	72,411	-	-
Finance lease payables	18,804	16,538	-	-
Financial guarantee contracts	-	-	2,645	3,522
Deferred tax liabilities	2,187	2,270	-	-
	103,746	92,572	2,645	3,522
Net assets	**302,996**	**305,280**	**393,179**	**384,532**
Capital and reserves				
Share capital	130,406	111,406	130,406	111,406
Treasury shares	(183)	(183)	(183)	(183)
Foreign currency translation reserve	28,784	33,400	31,872	51,424
Fair value reserve	(90)	(7)	-	-
Share options reserve	-	9,507	-	9,507
Other reserves	(4,562)	(4,562)	-	-
Accumulated profits	157,847	165,294	231,084	212,378
Equity attributable to the owners of the Company	**312,202**	**314,855**	**393,179**	**384,532**
Non-controlling interests	(9,206)	(9,575)	-	-
Total equity	**302,996**	**305,280**	**393,179**	**384,532**

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

	Secured	
	As at 30.06.2018 RM'000	**As at 30.09.2017 RM'000**
Amount payable within one year		
Bank borrowings	42,674	42,807
Finance lease payables	8,401	7,316
	51,075	50,123
Amount payable after one year		
Bank borrowings	80,891	72,411
Finance lease payables	18,804	16,538
	99,695	88,949
Total	**150,770**	**139,072**

The Group's bank borrowings as at 30 June 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;
- ⇨ 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

	Third Quarter Ended		Nine Months Ended	
	30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Cash flows from operating activities				
Loss before income tax	(8,432)	(2,197)	(17,410)	(6,712)
Adjustments for:				
Allowance for doubtful receivables	426	219	715	717
Allowance for doubtful receivables no longer required, now written back	(37)	(74)	(215)	(265)
Amortisation of intangible assets	101	138	327	411
Depreciation of property, plant and equipment	6,612	5,299	19,542	14,858
Depreciation of investment properties	125	121	391	362
Dividend income	(4)	(496)	(149)	(1,873)
Fair value (gain)/loss on held-for-trading investments, net	(3)	(902)	451	(2,389)
Finance costs	1,815	1,273	4,599	3,697
Foreign currency exchange loss/(gain), net	4,483	(442)	(660)	(2,118)
Gain on disposal of property, plant and equipment	(4,773)	(111)	(4,778)	(310)
Gain on disposal of investment property	(2,812)	-	(2,812)	-
(Gain)/Loss on disposal of held-for-trading investments	(47)	(316)	1	(362)
Gain on disposal of subsidiaries	-	-	(1,837)	-
Interest income	(88)	(248)	(570)	(779)
Inventories written off	33	115	212	180
Property, plant and equipment written off	113	9	158	504
Write back of inventories written off	(54)	-	(54)	-
Operating profit before working capital changes	(2,542)	2,388	(2,089)	5,921
Working capital changes:				
Inventories	(2,083)	(2,185)	3,022	(1,715)
Trade and other receivables	(1,180)	(618)	(8,015)	(4,705)
Trade and other payables	5,172	(5,010)	13,106	(3,066)
Cash (used in)/generated from operations	(633)	(5,425)	6,024	(3,565)
Interest paid	(191)	(324)	(611)	(956)
Income tax paid, net	(998)	(1,537)	(2,588)	(1,784)
Net cash (used in)/generated from operating activities	**(1,822)**	**(7,286)**	**2,825**	**(6,305)**
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired (Note 1(c)(ii))	(4,891)	-	(4,891)	(139)
Interest received	88	248	570	779
Disposal of subsidiaries, net of cash disposed (Note 1(c)(i))	-	-	723	-
Dividend received	4	496	149	1,873
Proceeds from disposal of property, plant and equipment	996	237	1,072	552
Proceeds from disposal of investment property	650	-	650	-
Proceeds from sale of held-for-trading investments	5,186	10,672	22,446	26,642
Purchase of intangible assets	(2,056)	(389)	(2,456)	(722)
Purchase of property, plant and equipment	(6,937)	(21,045)	(30,122)	(58,459)
Net changes fixed deposits pledged to bank	(3)	-	(7)	-
Net cash used in investing activities	**(6,963)**	**(9,781)**	**(11,866)**	**(29,474)**

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

	Third Quarter Ended		Nine Months Ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Interest paid	(1,624)	(949)	(3,988)	(2,741)
Repayment of finance lease obligations	(2,474)	(1,740)	(6,569)	(4,758)
Drawdown of bank borrowings	12,696	43,709	50,570	92,963
Repayment of bank borrowings	(14,755)	(19,301)	(61,755)	(62,727)
Net cash (used in)/generated from financing activities	**(6,157)**	**21,719**	**(21,742)**	**22,737**
Net change in cash and cash equivalents	(14,942)	4,652	(30,783)	(13,042)
Cash and cash equivalents at the beginning of the financial period	32,518	40,863	48,872	58,323
Effect of exchange rate changes	78	(21)	(435)	213
Cash and cash equivalents at the end of the financial period	**17,654**	**45,494**	**17,654**	**45,494**
Cash and cash equivalents comprise the following:				
Cash and bank balances	38,152	32,400	38,152	32,400
Unpledged fixed deposits	-	13,759	-	13,759
Bank overdrafts	(20,498)	(665)	(20,498)	(665)
	17,654	**45,494**	**17,654**	**45,494**

Notes to Consolidated Statement of Cash Flows

1(c)(i) Disposal of subsidiaries

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(c)(ii) Acquisition of a subsidiary

On 21 June 2018, the Group acquired 14,757,000 ordinary shares in the share capital of The Motivage Sdn. Bhd. ("Motivage"), representing 100% of equity interest in Motivage for a total aggregate consideration of RM24,000,000, of which RM5,000,000 to be satisfied by way of cash and the remaining RM19,000,000 to be satisfied by the allotment and issuance of an aggregate of 15,775,210 shares in the capital of the Company with an issue price of S$0.3913 each.

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

	Fair value recognised on acquisition RM'000	Carrying amount on acquisition RM'000
Net identifiable assets and liabilities:		
Property, plant and equipment	22,000	13,354
Trade and other receivables	25	25
Cash and bank balances	109	109
Trade and other payables	(2)	(2)
Tax payables	(2)	(2)
Total identifiable net assets	22,130	13,484
Goodwill arising from acquisition*	1,870	
Total purchase consideration	24,000	
Less: Non-cash consideration	(19,000)	
Less: Cash and bank balances acquired	(109)	
Net cash outflow on acquisition	4,891	

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

1(d) (i) Statements of Changes in Equity for the Nine Months ended 30 June 2018 and 30 June 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 1 October 2017	111,406	(183)	33,400	(7)	9,507	(4,562)	165,294	314,855	(9,575)	305,280
Loss for the period	-	-	-	-	-	-	(16,954)	(16,954)	(655)	(17,609)
Other comprehensive Income:										
Exchange differences on translating foreign operations	-	-	(4,616)	-	-	-	-	(4,616)	1,024	(3,592)
Available-for-sale financial assets	-	-	-	(83)	-	-	-	(83)	-	(83)
Total other comprehensive income	-	-	(4,616)	(83)	-	-	-	(4,699)	1,024	(3,675)
Total comprehensive income for the financial period	-	-	(4,616)	(83)	-	-	(16,954)	(21,653)	369	(21,284)
Transaction with owners:										
Acquisition of a subsidiary	19,000	-	-	-	-	-	-	19,000	-	19,000
Share options lapsed	-	-	-	-	(9,507)	-	9,507	-	-	-
Balance at 30 June 2018	130,406	(183)	28,784	(90)	-	(4,562)	157,847	312,202	(9,206)	302,996
Balance at 1 October 2016	111,406	(183)	31,791	(15,727)	9,507	(4,562)	218,282	350,514	(8,315)	342,199
Loss for the period	-	-	-	-	-	-	(7,647)	(7,647)	(676)	(8,323)
Other comprehensive income :										
Exchange differences on translating foreign operations	-	-	1,816	(435)	-	-	-	1,381	(393)	988
Available- for- sale financial assets	-	-	-	9,843	-	-	-	9,843	-	9,843
Total other comprehensive Income	-	-	1,816	9,408	-	-	-	11,224	(393)	10,831
Total comprehensive income for the financial period	-	-	1,816	9,408	-	-	(7,647)	3,577	(1,069)	2,508
Balance at 30 June 2017	111,406	(183)	33,607	(6,319)	9,507	(4,562)	210,635	354,091	(9,384)	344,707

1(d) (i) Statements of Changes in Equity for the Third Quarter ended 30 June 2018 and 30 June 2017

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 31 March 2018	111,406	(183)	25,042	(25)	9,507	(4,562)	155,854	297,039	(9,032)	288,007
Loss for the period	-	-	-	-	-	-	(7,514)	(7,514)	(396)	(7,910)
Other comprehensive income :										
Exchange differences on translating foreign operations	-	-	3,742	-	-	-	-	3,742	222	3,964
Available- for- sale financial assets	-	-	-	(65)	-	-	-	(65)	-	(65)
Total other comprehensive Income	-	-	3,742	(65)	-	-	-	3,677	222	3,899
Total comprehensive income for the financial period	-	-	3,742	(65)	-	-	(7,514)	(3,837)	(174)	(4,011)
Transaction with owners:										
Acquisition of a subsidiary	19,000	-	-	-	-	-	-	19,000	-	19,000
Share options lapsed	-	-	-	-	(9,507)	-	9,507	-	-	-
Balance at 30 June 2018	130,406	(183)	28,784	(90)	-	(4,562)	157,847	312,202	(9,206)	302,996
Balance at 31 March 2017	111,406	(183)	35,165	(5,208)	9,507	(4,562)	213,404	359,529	(9,082)	350,447
Loss for the period	-	-	-	-	-	-	(2,769)	(2,769)	(198)	(2,967)
Other comprehensive income :										
Exchange differences on translating foreign operations	-	-	(1,558)	282	-	-	-	(1,276)	(104)	(1,380)
Available- for- sale financial assets	-	-	-	(1,393)	-	-	-	(1,393)	-	(1,393)
Total other comprehensive income	-	-	(1,558)	(1,111)	-	-	-	(2,669)	(104)	(2,773)
Total comprehensive income for the financial period	-	-	(1,558)	(1,111)	-	-	(2,769)	(5,438)	(302)	(5,740)
Balance at 30 June 2017	111,406	(183)	33,607	(6,319)	9,507	(4,562)	210,635	354,091	(9,384)	344,707

1(d) (i) Statements of Changes in Equity for the Nine Months ended 30 June 2018 and 30 June 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 period	-	-	-	-	-	9,199	9,199
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(19,552)	-	-	-	(19,552)
Total other comprehensive income	-	-	(19,552)	-	-	-	(19,552)
Total comprehensive income for the financial period	-	-	(19,552)	-	-	9,199	(10,353)
Transaction with owners:							
Acquisition of a subsidiary	19,000	-	-	-	-	-	19,000
Share options lapsed	-	-	-	-	(9,507)	9,507	-
Balance at 30 June 2018	130,406	(183)	31,872	-	-	231,084	393,179
Balance at 1 October 2016	111,406	(183)	44,458	(15,107)	9,507	79,944	230,025
Loss for the period	-	-	-	-	-	(1,736)	(1,736)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	7,044	(434)	-	-	6,610
Available-for-sale financial assets	-	-	-	9,810	-	-	9,810
Total other comprehensive income	-	-	7,044	9,376	-	-	16,420
Total comprehensive income for the financial period	-	-	7,044	9,376	-	(1,736)	14,684
Balance at 30 June 2017	111,406	(183)	51,502	(5,731)	9,507	78,208	244,709

1(d) (i) Statements of Changes in Equity for the Third Quarter ended 30 June 2018 and 30 June 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 March 2018	111,406	(183)	30,977	-	9,507	222,268	373,975
Loss for the period	-	-	-	-	-	(691)	(691)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	895	-	-	-	895
Total other comprehensive income	-	-	895	-	-	-	895
Total comprehensive income for the financial period	-	-	895	-	-	(691)	204
Transaction with owners:							
Acquisition of a subsidiary	19,000	-	-	-	-	-	19,000
Share options lapsed	-	-	-	-	(9,507)	9,507	-
Balance at 30 June 2018	130,406	(183)	31,872	-	-	231,084	393,179
Balance at 31 March 2017	111,406	(183)	55,866	(4,660)	9,507	69,359	241,295
Profit for the period	-	-	-	-	-	8,849	8,849
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(4,364)	282	-	-	(4,082)
Available-for-sale financial assets	-	-	-	(1,353)	-	-	(1,353)
Total other comprehensive income	-	-	(4,364)	(1,071)	-	-	(5,435)
Total comprehensive income for the financial period	-	-	(4,364)	(1,071)	-	8,849	3,414
Balance at 30 June 2017	111,406	(183)	51,502	(5,731)	9,507	78,208	244,709

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			
At 31 March 2018	126,385,289	46,526	111,406
Issue of share capital	15,775,210	6,173	19,000
At 30 June 2018	142,160,499	52,699	130,406

Pursuant to the Share Sale Agreement entered between Khor Sin Kok and Khor Guat Bee (as Vendors) and Polygold Holdings Sdn Bhd, a wholly owned subsidiary of the Company (as Purchaser) dated 15 November 2017, the Company had issued 15,775,210 new ordinary shares with an issue price of S$0.3913 each to the Vendor, Mr. Khor Sin Kok, as part of the consideration for the acquisition of Motivage Sdn Bhd on 11 June 2018. The newly issued shares rank pari passu in all respect with the previously issued shares.

Treasury Shares	**COMPANY**		
	Number of treasury shares	**S$'000**	**RM'000**
At 30 June 2018	(242,000)	(76)	(183)

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

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

	As at 30.06.2018	**As at 30.06.2017**
The number of shares that may be issued on exercise of share options outstanding at the end of the financial period	-*	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 30 June 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 30 June 2018, the total number of issued shares less treasury shares of the Company was 141,918,499 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 30 June 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 30 June 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.

	Third Quarter Ended		Nine Months Ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Net loss attributable to owners of the Company for the financial period (RM '000)	(7,514)	(2,769)	(16,954)	(7,647)
Weighted average number of ordinary shares				
- Basic	141,918,499	126,143,289	141,918,499	126,143,289
- Fully diluted	141,918,499	126,143,289	141,918,499	126,143,289
Loss per share (RM sen)				
- Basic	(5.29)	(2.20)	(11.95)	(6.06)
- Fully diluted	(5.29)	(2.20)	(11.95)	(6.06)

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

	Group		Company	
	As at	As at	As at	As at
	30.06.2018 RM	30.09.2017 RM	30.06.2018 RM	30.09.2017 RM
Net asset value per ordinary share based on issued share capital at the end of the financial period/year	2.20	2.50	2.77	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.

<u>Business Segments</u>

The Group's core business segments are as follows:

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

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

<u>Performance Review</u>

<u>Review on Consolidated Statement of Comprehensive Income</u>

<u>Third Quarter Ended 30 June 2018</u>

For the quarter under review, the Group's revenue dropped slightly by RM0.6 million or 0.6% to RM102.8 million as compared to the preceding corresponding quarter of RM103.4 million. Food Services Division recorded consistent improvement in performance while the new Dairies Division has contributed additional revenue to the Group. However, these increases were impacted by lower revenue contribution from the Trading and Frozen, Food Processing and Nutrition Divisions.

The Food Services Division continues to achieve a strong surge in revenue of RM6.9 million or 20.4%, from RM33.8 million to RM40.7 million. Texas Chicken remains the top performer which achieved revenue growth of RM5.7 million or 21.5%, from RM26.5 million to RM32.2 million driven by the opening of 13 additional new stores since Q3FY2017, and riding on its brand awareness and favourable market acceptance of its value and quality products. San Francisco Coffee added another five stores to its chain resulting in the increase of revenue from RM5.4 million to RM6.5 million, representing an increase of RM1.1 million or 20.4%. The division was also supported by Delicious restaurants which posted a marginal growth in revenue of RM0.2 million or 11.1%, from RM1.8 million to RM2.0 million with the introduction of new menu and more marketing activities.

The number of stores of each business are as follows:

	Q3FY2018	Q3FY2017
Texas Chicken	48	35
San Francisco Coffee	41	36
Delicious restaurant	3	5

The new Dairies Division which commenced business in January 2018 has added a revenue of RM7.3 million to the Group.

Revenue from the Trading and Frozen Food Division had fallen by RM4.8 million or 11.1%, from RM43.3 million to RM38.5 million amid the lower revenue from its Hotel, Restaurant and Retail sectors due mainly to the shortage of quality beef and dairy products.

The Food Processing Division recorded a lower revenue of RM10.4 million compared to the preceding corresponding quarter of RM18.6 million, representing a decrease of RM8.2 million or 44.1%. This was mainly due to the disposal of fresh bakery business in December 2017 which contributed a revenue of RM6.7 million in the preceding corresponding quarter. However, this was partially mitigated by the improved performance of the frozen bakery business which saw an increase in revenue of RM1.8 million or 81.8%, from RM2.2 million to RM4.0 million due to increase in sales volume and new customers. The beverages business reported a decline in revenue of RM1.8 million or 56.2%, from RM3.2 million to RM1.4 million after scaling down its operation since the last quarter of FY2017. The Contract Packing for Dairy and Juice based drinks business also saw a drop in revenue of RM1.5 million or 23.1%, from RM6.5 million to RM5.0 million as a result of lower demand from its existing customers.

The Nutrition Division also recorded a decline in revenue of RM1.8 million or 23.4%, from RM7.7 million to RM5.9 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.

Gross profit margin improved from 34.2% to 36.0% quarter-on-quarter on the back of higher sales contribution from the Food Services Division which derives higher margin from their products.

Other operating income which rose 33.0% from RM6.4 million to RM8.5 million mainly comprised of the gain on disposal of property, plant and equipment of RM4.8 million, gain on disposal of investment property of RM2.8 million and recurring rental income from corporate building of RM0.4 million.

Operating expenses rose from RM42.7 million to RM52.2 million, an increase of RM9.5 million or 22.1% mainly due to higher selling and marketing expenses of RM4.3 million or 17.7%, higher administrative expenses of RM1.3 million or 11.3%. The increases were in tandem with the expansion of Texas Chicken and San Francisco Coffee stores, higher operating costs for Delicious restaurants and frozen bakery business, as well as the inclusion of operating costs from the new Dairies Division. However, these increases were partially offset by the lower selling and marketing expenses of the followings:

i) disposal of the fresh bakery business in December 2017;
ii) scaled down of the beverages business; and
iii) lower marketing costs incurred by the Nutrition Division which in line with its lower sales.

In addition, the increase in operating expenses was also due to foreign currency fluctuation loss of RM4.1 million as a result of the weakening of Malaysian Ringgit.

Finance costs increased by RM0.5 million or 42.6%, from RM1.3 million to RM1.8 million was mainly due to higher bank borrowings to finance the new warehouse and factory, coupled with additional hire purchase facilities for setting up the new stores.

Income tax credit of RM0.5 million was mainly attributable to a higher tax losses recognised as deferred tax assets by certain subsidiaries.

The Group posted a loss after tax of RM7.9 million as compared to loss after tax of RM3.0 million in the preceding corresponding quarter.

Nine Months Ended 30 June 2018

For the nine months period under review, the Group continues to register higher revenue of RM313.0 million as compared to the previous corresponding period of RM305.4 million, an increase of RM7.6 million or 2.5%. This was mainly driven by the better performance from the Food Services Division with revenue surging by RM30.6 million and additional revenue contribution from new Dairies Division of RM12.1 million. However, these increases have partially negated by lower sales from the Food Processing Divisions, Trading and Frozen Food and Nutrition Divisions of RM16.6 million, RM13.0 million and RM5.4 million, respectively.

Gross profit margin improved to 36.7% from 33.9% in the previous corresponding period on the back of higher sales contribution from the Food Services Division which derives higher margin from their products.

Other operating income of RM13.2 million comprises mainly the gain on disposal of property, plant and equipment of RM4.8 million, gain on disposal of investment property of RM2.8 million, gain on disposal of subsidiaries of RM1.8 million and rental income from corporate building of RM1.2 million.

Operating expenses increased by RM19.6 million or 16.2%, from RM121.1 million to RM140.7 million amid higher selling and marketing expenses and administrative expenses, which increased by RM16.6 million or 24.8% and RM3.7 million or 11.2%. The increases were in tandem with the expansion of Texas Chicken and San Francisco Coffee stores, higher operating costs of Delicious restaurants and frozen bakery business, as well as the inclusion of operating costs from the new Dairies Division. However, these increases were partially offset by the lower selling and marketing expenses of the followings:

i) disposal of the fresh bakery business in December 2017;
ii) scaled down of the beverages business; and
iii) lower marketing costs incurred by the Nutrition Division which 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 RM0.9 million or 24.4%, from RM3.7 million to RM4.6 million primarily due to higher bank borrowings to finance the new warehouse and factory, coupled with additional hire purchase facilities for setting up the new stores.

Income tax expense declined to RM0.2 million as compared to RM1.6 million in the preceding corresponding period was mainly attributable to a lower profit generated by certain subsidiaries.

The Group registered a loss after tax of RM17.6 million as compared to the loss after tax of RM8.3 million reported in the previous corresponding period.

Review on Statements of Financial Position

Non-current assets increased by RM38.8 million from RM318.2 million to RM357.0 million. Property, plant and equipment increased by RM37.5 million largely due to the acquisition of land, set-up costs for new stores of RM19.3 million and construction of new factory and warehouse of RM9.5 million. Investment properties reduced by RM4.1 million following the disposal of a property. Intangible assets increased by RM3.7 million largely due to territory fee paid to develop Texas Chicken restaurants in Indonesia of RM2.0 million and recognition of goodwill arising from acquisition of a subsidiary of RM1.9 million.

Inventories decreased by RM4.4 million was mainly attributable to lower stock holding. Trade and other receivables were higher by RM18.2 million due principally to balance sum receivable from the disposal of properties of RM14.2 million, deposits and prepayments paid for setting up the new restaurant outlets. Part of the cash and bank balances together with the RM22.4 million proceeds from the disposal of held-for-trading investments and fixed deposits withdrawal of RM13.7 million were utilised for the settlement of bank borrowings, set-up costs for new stores and acquisition of a subsidiary. These have resulted in the reduction in current assets by RM20.6 million.

The Group's current liabilities increased by RM9.2 million due mainly to the increase in trade and other payables of RM6.8 million and higher hire purchase payables of RM1.1 million for the new stores. The increase of the Group's non-current liabilities by RM11.2 million was primarily attributable to higher bank borrowings of RM8.5 million to finance the construction of the new factory and warehouse at the Halal Hub, Pulau Indah and higher finance lease payables of RM2.3 million for setting up of new stores.

Review on Consolidated Statement of Cash Flows

Third Quarter Ended 30 June 2018

The Group recorded a net decrease in cash and cash equivalents of RM14.9 million for the current quarter ended 30 June 2018.

Net cash used in operating activities amounting to RM1.8 million was attributable to the operating loss of RM2.5 million, increase in inventories of RM2.1 million, increase in trade and other receivables of RM1.2 million, income tax and interest payments of RM1.2 million. These were partially offset by the increase in trade and other payables of RM5.2 million.

The Group net cash used in investing activities of RM7.0 million was largely attributable to the construction of new factory and warehouse and set-up costs for the new stores of RM6.9 million, part settlement of an acquisition of a subsidiary of RM4.9 million and territory fee paid to develop the Texas

Chicken restaurants in certain territories of Indonesia of RM2.0 million. These were partially offset by the proceeds from held-for-trading investments of RM5.2 million and proceeds from the disposal of properties of RM1.6 million.

For financing activities, the Group has drawdown the bank borrowings of RM12.7 million for the construction of factory and warehouse buildings. The Group has utilised RM18.9 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.

Nine Months Ended 30 June 2018

The Group recorded a net decrease in cash and cash equivalents of RM30.8 million for the period ended 30 June 2018.

Net cash generated from operating activities amounting to RM2.8 million was attributable to the increase in trade and other payables of RM13.1 million and reduction in inventories of RM3.0 million. These were partially offset against the operating loss of RM2.1 million, increase in trade and other receivables of RM8.0 million, income tax and interest payments of RM3.2 million.

The Group net cash used in investing activities of RM11.9 million was largely attributable to the construction of new factory and warehouse and set-up costs for the new stores of RM30.1 million, part settlement of an acquisition of a subsidiary of RM4.9 million and territory fee paid to develop the Texas Chicken restaurants in certain territories of Indonesia of RM2.0 million. These were partially offset by the proceeds from held-for-trading investments of RM22.4 million and proceeds from the disposal of properties of RM1.7 million.

For financing activities, the Group has drawdown the bank borrowings of RM50.6 million to finance the construction of factory and warehouse buildings. The Group has utilised RM72.3 million for the settlement of bank borrowings, hire purchase payables and interest payment. These resulted the net cash used in financing activities of RM21.7 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 weakening of Malaysian Ringgit against the US Dollar in this quarter has resulted in the increase of prices for some food costs. Despite that, revenue has increased as compared to the previous quarter, due to the holiday season and the zero-rating of Goods and Services Tax ("GST") since 1st June 2018. Supplies of meat and dairy products have improved slightly since the resumption of supply by a previously suspended beef plant by Department of Islamic Development Malaysia ("JAKIM") and the Department of Veterinary Service Malaysia ("DVS") in the last quarter. On another hand, a turkey supplier has yet to be approved by JAKIM and DVS which may impact the sales in the coming Christmas season.

Supply of lamb and mutton from Australia has not improved due to high prices during the winter period. There is also huge shortage of lamb and mutton from New Zealand due to poor weather for the past months resulting in the increase of the prices of lamb and mutton in the current quarter.

The main supplier for cheese and butter from Australia has recently sold its entire business to a Brazilian dairy company. Although the new owner has given assurance on the status quo of the distributorship, supply of butter is still limited citing shortage of milk and cheese which impacted the revenue in the current quarter.

Pok Brothers has moved into its new warehouse facility in Selangor Halal Hub, located in Pulau Indah, 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, operating costs associated with a bigger facility may impact the bottom line unless revenue increase accordingly. The next twelve months will be very challenging for the division to maintain or improve its performance, unless there is a general improvement on the supplies side.

b) Food Services Division

Price of imported raw materials are expected to increase slightly with the weakening of the Malaysian Ringgit against the US Dollar. This is mitigated by lower prices of other food costs due to higher rebates in tandem with higher volume from the increasing number of outlets. Texas Chicken is also constantly sourcing for new competitive suppliers to complement its growing business to further reduce material price with similar or better quality.

Overall, the existing stores should be able to maintain its revenue after taking into accounts the number of limited time offer campaigns to sustain consumers interests and awareness of its products and brand.

For the current quarter, Texas Chicken has opened its latest store in Johore Bahru city, which brings the total store count to 48. The responses were overwhelming and sales have been very encouraging to-date, given a strong indication of brand acceptance of Texas Chicken not only in Klang Valley, Perak and Penang but also in southern part of West Malaysia. Texas Chicken is anticipated to achieve at least 50 operating store before year end of 2018. The first drive thru restaurant is expected to be opened in the month of September 2018.

On 13 June 2018, the Group has announced that it has entered into an International Multiple Unit Franchise and Development Agreement ("IMUFDA") with US-based franchisor, Cajun Global LLC for "Texas Chicken" restaurants exclusively for the territories of parts of West Java, Jakarta, Banten, Lampung, South Sumatra and Bengkulu of Indonesia. It has plan to open the first outlet in September 2018 at Green Pramuka Square and to open three more outlets in the first quarter of FY2019.

For San Francisco Coffee ("SF"), prices of imported green bean has a slight increase due to the weakening of Malaysian Ringgit against US Dollar. However, cost savings has been achieved with alternative suppliers for syrups, local cups and lids. Milk price remains unchanged.

Competition is strong with the openings of new coffee chains Costa from United Kingdom, while Jamaica Blue Coffee from Australia are expanding into suburban malls via licensing program. However, it has been observed that some competitors have also been slowing down on expansion. Prices of SF drinks are on par with major competitors while food prices are lower to drive traffic to the stores.

As at the current quarter, SF has 41 stores. The latest store was opened on 28 June 2018 in Penang Gurney Plaza and it has plan to open another eleven stores in the next three to six months. During this quarter, SF is also studying the possibilities of operating of the drive thru or attached units at the petrol kiosks.

Competition is expected to heat up for the Delicious Group with the newly opened street shop concept, like The Brew House, Uncle Don and Industrial café concept, Grey Sky Morning is also catching up in the market, which offer a lower pricing for a good meal. Due to the competitiveness of the market, pricing is the determining factor as consumers start comparing the price with one from another. Delicious has offered some new seasonal menu in order to maintain its competitive edge. As at current quarter, Delicious has 3 rebranded outlets.

c) Nutrition Division

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

Following a period of steady international prices for milk powder prices have begun to fall in recent months. Prices for specialised whey proteins purchased for the manufacture of Horleys products do not always directly follow the price trends for Whole and Skim milk however prices have also been steady over recent months with no sign of a corresponding fall. The company predominantly draws their specialised protein ingredients exclusively from Fonterra Cooperative, New Zealand's pre-eminent dairy product supplier. All remaining raw materials and packaging requirements are actively tendered via the company's contracted powder products manufacturer on an open book costing basis.

The Division markets their range of sports nutrition and weight management products under the Horleys brand. The Horleys brand had been losing market share in the key New Zealand supermarket channel for a period and is now 21%* market share of New Zealand key accounts. The aggressive promotional programme being activated by key competitor, Vitaco, continues to be the primary reason for the loss of market share.
(* reference obtained from Aztec Data dated June 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 and more recently the 'Elite' range of products that target the serious consumer. The business also places significant focus on ready to consume offerings with the primary volume channels being supermarkets and the Oil & Convenience. During the recent quarter Horleys brought an exciting new range of bars to the market produced by a contract manufacturer that is new to the business. It is too early to gauge consumer response to the offering at this stage.

d) Food Processing Division

(i) Bakery

Prices of main ingredients are still volatile especially on butter and flour which are on the upward trend. To mitigate rising costs, alternative suppliers are constantly being sought.

Sales in 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 has intensified its marketing activities to carry the momentum gained into the next few quarters.

(ii) Butchery

Revenue for the next quarter should improve following the commencement of export sales to Singapore.

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 fourth quarter of FY2018.

(iii) Dairies

The new dairies division is involved in the distribution of sweetened creamer ("SC"). The demand for SC is stable due to the drinking culture in Malaysia, where SC is one of the main ingredient to make and prepare drinks.

For the past 6 months, the commodities pricing on the main ingredient: sugar, milk powder, palm oil and tin plate are quite stable as the fluctuation in pricing are still manageable.

Market remains competitive as the division is competing with other manufacturers in the same market but have costs advantage.

(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, 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. This is resulting in several legacy beverage brands such as Up and Go (sanitarium), Mammouth (Fonterra brands) and Nippys converting to PET.

Synlait (Powder manufacturer) have announced plans for new Aseptic line in NZ starting production in 2019 for UHT Milk and Liquid Infant Formula

Some of EDNZ flavoured milk customers are exiting the market due to poor margins and high milk costs and transport costs in New Zealand.

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 30 June 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 third quarter financial results pursuant to Rule 705(5) of the Listing Manual.

We, Dato' Kamal Y P Tan (Group CEO) and Dato' Jaya J B Tan (Chairman), being two directors of the Company, do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the third quarter ended 30 June 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

10 August 2018

ENVICTUS INTERNATIONAL HOLDINGS LIMITED
Registration No: 200313131Z

ENVICTUS

NEWS RELEASE

ENVICTUS POSTS REVENUE OF RM102.8 MILLION[1] IN Q3FY2018

- ***Food Services Division's 20.4% surge in revenue supported by an increase in revenue contributions from Texas Chicken, San Francisco Coffee chain and Delicious restaurant business***
- ***Additional RM7.3 million revenue contribution from new Dairies Division***
- ***Gross profit margin rose 1.8 percentage points to 36.0% due to increased sales of higher margin products from Food Services Division***
- ***Texas Chicken expects to achieve at least 50 operating stores before the end of 2018***
    - ***To open first outlet in Indonesia by September and another 3 outlets in the first quarter of FY2019***
- ***Total store count under San Francisco Coffee at 41 to date; plans to open another 11 stores in the next 3 to 6 months***

Singapore, 10 August 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 RM102.8 million for the three months ended 30 June 2018 ("Q3FY2018"), a marginal decrease of 0.6% from RM103.4 million reported in the previous corresponding period ("Q3FY2017"). However, the Group posted a loss after tax of RM7.9 million in Q3FY2018, due largely to the 22.1% higher overall operating expenses.

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[1] *Approximately S$34.5 million. Currency conversion based on S$1.00 = RM2.98*

Envictus' Group Chairman, Dato' Jaya Tan said, "Our Group revenue continues to be underpinned by the consistent improvement of our Food Services Division, with an additional revenue stream from the new Dairies Division. During the quarter, Texas Chicken, our top performer under Food Services Division, achieved a revenue growth of 21.5% after the opening of 13 additional stores, a strong indication of the favourable market acceptance of its value and quality products. Concurrently, our San Francisco Coffee also delivered higher sales with the opening of five additional outlets, while sales from Delicious restaurant business grew slightly on the back of newly introduced menu and higher marketing activity level.

"We are heartened by the revenue performance of our new Dairies Division which commenced operations since January this year and would like to thank our shareholders for their support in the successful completion of the acquisition of Motivage Sdn. Bhd. which is engaged in the business of manufacturing of sweetened condensed milk and evaporated milk for the division. On this note, we hope shareholders will continue to lend support to our recently proposed renounceable non-underwritten rights cum warrants issue to strengthen our financial position to fund our expansion plans and sustain our businesses for the long-term."

Under the renounceable non-underwritten rights cum warrants issue proposed in June 2018, shareholders can subscribe for four rights shares for every five existing ordinary shares held in the share capital of the Company. With every one rights share subscribed, shareholders are entitled to a warrant which carries the right to subscribe for one new ordinary share in the share capital of Envictus at an exercise price of S$0.16 each.

Net proceeds from this proposed fund-raising exercise will be used towards repayment of bank borrowings and working capital, as well as funding of the expansion of the Group's existing businesses, including the construction of factories in Pulau Indah for the manufacturing of condensed milk and frozen bakery products as well as the extension of the Texas Chicken business in Indonesia and San Francisco Coffee outlets in Malaysia. The proposed rights cum warrants issue is subject to approval from relevant authorities, as well as shareholders' approval at an Extraordinary General Meeting to be convened.

Financial Review

In Q3FY2018, the Food Services Division recorded a RM6.9 million increase in revenue from RM33.8 million in Q3FY2017 to RM40.7 million. The 20.4% increase continued to be driven by further expansion of Texas Chicken, which added 13 new stores since Q3FY2017, riding on an enhanced brand awareness and positive market uptake of its quality products and value. Likewise, San Francisco Coffee recorded additional sales of RM1.1 million, lifting the revenue to RM6.5 million, mainly attributable to the addition of five stores to its chain since Q3FY2017. Also, the Delicious restaurants grew their revenue by 11.1% from the preceding corresponding quarter's RM1.8 million to RM2.0 million in Q3FY2018, driven mainly by the introduction of a new menu and increased marketing activities. The new Dairies Division contributed a revenue of RM7.3 million to the Group.

The strong performance of the Food Services Division was partially offset by lower revenue contribution from the Trading and Frozen Food, Food Processing and Nutrition Divisions. The Trading and Frozen Food Division's revenue declined 11.1% from RM43.3 million in Q3FY2017 to RM38.5 million in Q3FY2018, which is largely due to a shortage in quality beef and dairy products.

The Food Processing Division recorded lower sales of RM10.4 million as compared to RM18.6 million in Q3FY2017. This was mainly due to the disposal of the fresh bakery business in December 2017 which was mitigated by the higher revenue of RM4.0 million contributed by the frozen bakery business. The beverages business posted a 56.2% or RM1.8 million lower revenue to RM1.4 million in Q3FY2018, following scaled down operations since the fourth quarter of FY2017, whilst the Contract Packing for Dairy and Juice based drink business reported a 23.1% fall in revenue to RM5.0 million, as a result of lower demand from existing customers.

The Nutrition Division posted a revenue of RM5.9 million in Q3FY2018 as compared to RM7.7 million recorded in Q3FY2017. The 23.4% fall in revenue was primarily due to a lower market share in the traditional distribution channel, with greater competition from more competitively priced US brands as well as a significant increase in the dealing of Australian and New Zealand brands.

Gross profit margin improved from 34.2% to 36.0%, underpinned by higher sales achieved by the Food Services Division which derived higher margin from their products.

Other operating income rose by 33.0% to RM8.5 million. This was mainly due to the RM4.8 million gain on disposal of property, plant and equipment, a RM2.8 million gain on disposal of investment property and recurrent rental income of RM0.4 million from the corporate building.

On the other hand, operating expenses rose from RM42.7 million to RM52.2 million in Q3FY2018 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 stores and the inclusion of operating costs from the new Dairies Division. Additionally, foreign currency losses of RM4.1 million due to the weakening Malaysian Ringgit, contributed significantly to the increase in operating expenses.

Finance costs rose by RM0.5 million to RM1.8 million due to higher bank borrowings to finance the construction of the new warehouse and factory, as well as additional hire purchase facilities utilised for the setting of new outlets.

Consequently, the Group recorded a loss after tax of RM7.9 million in Q3FY2018, compared to a loss of RM3.0 million in Q3FY2017.

For the nine months ended 30 June 2018 ("9MFY2018"), the Group posted revenue of RM313.0 million and incurred a net loss of RM17.6 million.

As at 30 June 2018, the Group's cash and cash equivalents stood at RM17.7 million while shareholders' equity was RM303.0 million.

Outlook

Moving forward, the next twelve months will be challenging for the Trading and Frozen Food Division to maintain or improve its performance unless there is a general improvement on the supplies of beef and dairy products to our premium food wholesaler, Pok Brothers. Additionally, Pok Brothers' bottom line may be impacted by the operating costs associated with the new and bigger warehouse facility in Selangor Halal Hub lest revenue increases accordingly.

Commenting on the Group's best performing Food Services Division, Group Chief Executive Officer, Dato' Kamal Tan said, "Our latest Texas Chicken store which opened in Johor Bahru in the current quarter, brings the total store count to 48. Sales at this store have been very encouraging to-date and responses were overwhelming. Hence this underscores the wide market acceptance of the brand, not only in Klang Valley, Perak and Penang, but also southern part of West Malaysia. We expect to achieve at least 50 operating stores before the end of 2018 and the first drive thru restaurant is expected to open in September this year.

“To increase our presence in key markets of Asia and widen our revenue and earnings streams, we have signed a 10-year exclusive rights agreement to develop 80 franchised outlets in parts of Indonesia, which include West Java, Jakarta, Banten, Lampung, South Sumatra and Bengkulu from 2018 onwards. We plan to open the first outlet in September at Green Pramuka Square and another three outlets in the first quarter of FY2019.

“As for San Francisco Coffee, we have 41 outlets to date, with the latest store opened at Gurney Plaza, Penang in June this year. We have plans to open another eleven stores in the next 3 to 6 months. Currently, we are studying the possibilities of opening a drive thru outlet or attached units at the petrol kiosks to meet growing demand for quick-service dining options and convenience food. While competition is expected to heat up for Delicious, we are offering some new seasonal menu across our three rebranded outlets to maintain our competitive edge.”

The Food Processing Division’s businesses continued to be pressured by factors such as increasing prices of some raw materials and competition. With the commencement of export sales to Singapore, 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 fourth 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 five business divisions – Food Services, Trading and Frozen Food, Food Processing, Nutrition and Dairies.

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. To further expand the Group's presence in key markets in Asia, the Group secured exclusive rights in 2018 to develop 80 franchised "Texas Chicken" restaurants in certain territories of Indonesia over a period of 10 years. Envictus also owns Malaysian homegrown specialty coffee chain business, "San Francisco Coffee" which serves house roasted coffee in Malaysia. Lastly, we have the Delicious restaurants which are new lifestyle restaurants serving hearty Western and Asian-fusion cuisine.

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.

The Group's Food Processing Division comprises of the business segments – Bakery, Butchery 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.

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 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.

Held by the Group's wholly-owned Motivage Sdn Bhd, the Group's newly established Dairies Division will manufacture sweetened condensed milk and evaporated milk under the "Moitlait" and "Family Farm" brands to be sold in Malaysia. There are plans to export the manufactured sweetened condensed milk and evaporated milk to overseas markets.

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

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10 August 2018