Financial Statements and Related Announcement::Full 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
Date & Time of Broadcast	28-Nov-2018 17:50:02
Status	New
Announcement Sub Title	Full Yearly Results
Announcement Reference	SG181128OTHR14WB
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 attachments.

Additional Details

For Financial Period Ended	30/09/2018
Attachments	EIHL_Q4FY2018_Result.pdf Envictus FY2018 News Release.pdf Total size =422K

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

UNAUDITED FULL YEAR RESULTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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

	2018 RM'000	2017 RM'000	Change %
Revenue	422,605	410,331	3.0
Cost of goods sold	(267,595)	(274,497)	(2.5)
Gross profit	155,010	135,834	14.1
Other operating income	18,213	16,686	9.2
Operating expenses			
Administrative expenses	(48,679)	(43,322)	12.4
Selling and marketing expenses	(114,665)	(92,090)	24.5
Warehouse and distribution expenses	(26,970)	(26,756)	0.8
Research and development expenses	(829)	(958)	(13.5)
Other operating expenses	(1,846)	(33,843)	(94.5)
	(192,989)	(196,969)	(2.0)
Loss before interest and tax	**(19,766)**	**(44,449)**	**(55.5)**
Finance costs	(5,666)	(4,991)	13.5
Loss before income tax	**(25,432)**	**(49,440)**	**(48.6)**
Income tax expense	(2,434)	(4,101)	(40.6)
Loss for the financial year	**(27,866)**	**(53,541)**	**(48.0)**

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

	2018 RM'000	2017 RM'000	Change %
Loss for the year	**(27,866)**	**(53,541)**	**(48.0)**
Other comprehensive Income:			
Items that may be reclassified subsequently to profit or loss :			
Exchange differences on translating foreign operations	(8,577)	1,051	>100
Net fair value (loss)/gain on available-for-sale assets	(88)	30	>100
Net fair value changes on available-for-sale financial assets reclassified to profit or loss	-	15,541	N/A
Other comprehensive income, net of tax	(8,665)	16,622	>100
Total comprehensive income for the year	**(36,531)**	**(36,919)**	**(1.1)**
Loss attributable to:			
Owners of the Company	(26,408)	(52,405)	(49.6)
Non-controlling interests	(1,458)	(1,136)	28.3
	(27,866)	**(53,541)**	**(48.0)**
Total comprehensive income attributable to:			
Owners of the Company	(36,075)	(35,659)	(1.2)
Non-controlling interests	(456)	(1,260)	(63.8)
	(36,531)	**(36,919)**	**(1.1)**

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

	2018 RM'000	2017 RM'000	Change %
Allowance for doubtful receivables	1,071	679	57.7
Allowance for doubtful receivables no longer required, now written back	(548)	(256)	>100
Allowance for write down of inventories	316	1,136	(72.2)
Amortisation of intangible assets	487	547	(11.0)
Depreciation of property, plant and equipment	26,232	22,777	15.2
Depreciation of investment properties	511	482	6.0
Dividend income	(156)	(2,321)	(93.3)
Fair value loss/(gain) on held-for-trading investments, net	450	(3,417)	>100
Foreign currency exchange gain, net	(4,080)	(1,935)	>100
Loss/(Gain) on disposal of held-for-trading investments	1	(298)	>100
Gain on disposal of investment property	(2,812)	-	100
Gain on disposal of property, plant and equipment	(4,818)	(331)	>100
Gain on disposal of subsidiaries	(1,837)	-	100
Finance costs	5,666	4,991	13.5
Interest income	(701)	(1,284)	(45.4)
Impairment loss on available-for-sale financial asset	-	32,870	(100)
Inventories written off	566	1,286	(56.0)
Property, plant and equipment written off	1,060	685	54.7
Reversal of allowance for inventories	(259)	(285)	(9.1)

1(b) (i) **Statements of Financial Position**

	Group		Company	
	As at 30.09.2018 RM'000	**As at 30.09.2017 RM'000**	**As at 30.09.2018 RM'000**	**As at 30.09.2017 RM'000**
Non-current assets				
Property, plant and equipment	317,354	256,871	-	-
Investment properties	23,364	27,563	-	-
Investments in subsidiaries	-	-	293,429	90,351
Available-for-sale financial assets	154	242	-	-
Deferred tax assets	1,083	721	-	-
Intangible assets	34,853	32,842	-	-
Deposits for purchase of plant and equipment	4,566	-	-	-
	381,374	318,239	293,429	90,351
Current assets				
Inventories	40,523	44,644	-	-
Trade and other receivables	59,351	59,252	85,397	279,541
Tax recoverable	1,506	573	-	-
Held-for-trading investments	-	23,413	-	23,413
Fixed deposits	553	14,225	-	-
Cash and bank balances	35,554	35,664	5,600	5,175
	137,487	177,771	90,997	308,129
Current liabilities				
Trade and other payables	67,641	47,748	2,420	1,518
Provision for restoration costs	1,401	109	-	-
Bank borrowings	46,799	42,807	19,182	8,746
Finance lease payables	9,387	7,316	-	-
Current income tax payable	234	178	158	162
	125,462	98,158	21,760	10,426
Net current assets	12,025	79,613	69,237	297,703
Non-current liabilities				
Provision for restoration costs	1,884	1,353	-	-
Bank borrowings	79,562	72,411	-	-
Finance lease payables	21,902	16,538	-	-
Financial guarantee contracts	-	-	3,738	3,522
Deferred tax liabilities	5,181	2,270	-	-
Employee benefit liability	74	-	-	-
	108,603	92,572	3,738	3,522
Net assets	**284,796**	**305,280**	**358,928**	**384,532**
Capital and reserves				
Share capital	127,453	111,406	127,453	111,406
Treasury shares	(183)	(183)	(183)	(183)
Foreign currency translation reserve	23,821	33,400	41,250	51,424
Fair value reserve	(95)	(7)	-	-
Share options reserve	-	9,507	-	9,507
Other reserves	(4,562)	(4,562)	-	-
Accumulated profits	148,393	165,294	190,408	212,378
Equity attributable to the owners of the Company	**294,827**	**314,855**	**358,928**	**384,532**
Non-controlling interests	(10,031)	(9,575)	-	-
Total equity	**284,796**	**305,280**	**358,928**	**384,532**

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

	Secured	
	As at 30.09.2018 RM'000	**As at 30.09.2017 RM'000**
Amount payable within one year		
Bank borrowings	46,799	42,807
Finance lease payables	9,387	7,316
	56,186	50,123
Amount payable after one year		
Bank borrowings	79,562	72,411
Finance lease payables	21,902	16,538
	101,464	88,949
Total	**157,650**	**139,072**

The Group's bank borrowings as at 30 September 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

	2018 RM'000	2017 RM'000
Operating activities		
Loss before income tax	(25,432)	(49,440)
Adjustments for:		
Allowance for doubtful receivables	1,071	679
Allowance for doubtful receivables no longer required, now written back	(548)	(256)
Allowance for write down of inventories	316	1,136
Amortisation of intangible assets	487	547
Depreciation of property, plant and equipment	26,232	22,777
Depreciation of investment properties	511	482
Dividend income	(156)	(2,321)
Fair value loss/(gain) on held-for-trading investments, net	450	(3,417)
Finance costs	5,666	4,991
Foreign currency exchange gain, net	(4,864)	(1,591)
Gain on disposal of property, plant and equipment	(4,818)	(331)
Gain on disposal of investment property	(2,812)	-
Loss/(Gain) on disposal of held-for-trading investments	1	(298)
Gain on disposal of subsidiaries	(1,837)	-
Interest income	(701)	(1,284)
Inventories written off	566	1,286
Impairment loss on available-for-sale financial asset	-	32,870
Property, plant and equipment written off	1,060	685
Reversal of allowance for inventories	(259)	(285)
Operating (loss)/ profit before working capital changes	(5,067)	6,230
Working capital changes:		
Inventories	2,314	(2,730)
Trade and other receivables	(7,773)	2,735
Trade and other payables	17,612	(4,588)
Cash generated from operations	7,086	1,647
Interest paid	(1,125)	(1,259)
Income tax paid, net	(3,278)	(2,477)
Net cash generated from/(used in) operating activities	**2,683**	**(2,089)**
Investing activities		
Acquisition of subsidiaries, net of cash acquired (Note 1(c)(ii))	(4,891)	(139)
Disposal of subsidiaries, net of cash disposed (Note 1(c)(i))	723	-
Dividend received	156	2,321
Interest received	701	1,284
Proceeds from disposal of property, plant and equipment	9,156	622
Proceeds from disposal of investment property	6,500	-
Proceeds from disposal of held-for-trading investments	22,446	39,311
Purchase of intangible assets	(2,602)	(975)
Purchase of property, plant and equipment	(46,262)	(80,322)
Net changes fixed deposits pledged to bank	(9)	247
Net cash used in investing activities	**(14,082)**	**(37,651)**

1(c) Consolidated Statement of Cash Flows (Cont'd)

	2018 RM'000	2017 RM'000
Financing activities		
Interest paid	(4,541)	(3,732)
Repayment of finance lease obligations	(8,865)	(6,565)
Drawdown of bank borrowings	67,997	125,992
Repayment of bank borrowings	(75,261)	(85,508)
Net cash (used in)/generated from financing activities	**(20,670)**	**30,187**
Net change in cash and cash equivalents	(32,069)	(9,553)
Cash and cash equivalents at the beginning of the financial year	48,873	58,323
Effect of exchange rate changes	(432)	103
Cash and cash equivalents at the end of the financial year	**16,372**	**48,873**
Cash and cash equivalents comprise the following:		
Cash and bank balances	35,554	35,664
Unpledged fixed deposits	-	13,654
Bank overdrafts	(19,182)	(445)
	16,372	**48,873**

Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	2017 RM'000	Cash flows RM'000	Additions of property, plant and equipment RM'000	Disposal of a subsidiary RM'000	Foreign currency exchange RM'000	2018 RM'000
Finance lease payables	23,854	(8,865)	17,101	(801)	-	31,289
Bank borrowings	114,773	(7,264)	-	(94)	(236)	107,179
	138,627	(16,129)	17,101	(895)	(236)	138,468

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 liabilities	(337)

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

Net identifiable liabilities 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 RM21,047,000, of which RM5,000,000 was satisfied by way of cash and the remaining RM16,047,000 was satisfied by the allotment and issuance of an aggregate of 15,775,210 shares in the capital of the Company with a fair value as at acquisition date of S$0.345 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)
Deferred tax liabilities	(2,075)	-
Total identifiable net assets	20,055	13,484
Goodwill arising from acquisition	992	
Total purchase consideration	21,047	
Less: Non-cash consideration	(16,047)	
Less: Cash and bank balances acquired	(109)	
Net cash outflow on acquisition	4,891	

1(d) (i) Statements of Changes in Equity

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 financial year	-	-	-	-	-	-	(26,408)	(26,408)	(1,458)	(27,866)
Other comprehensive Income:										
Exchange differences on translating foreign operations	-	-	(9,579)	-	-	-	-	(9,579)	1,002	(8,577)
Available-for-sale financial assets	-	-	-	(88)	-	-	-	(88)	-	(88)
Total other comprehensive income	-	-	(9,579)	(88)	-	-	-	(9,667)	1,002	(8,665)
Total comprehensive income for the financial year	-	-	(9,579)	(88)	-	-	(26,408)	(36,075)	(456)	(36,531)
Others:										
Acquisition of a subsidiary	16,047	-	-	-	-	-	-	16,047	-	16,047
Share options lapsed	-	-	-	-	(9,507)	-	9,507	-	-	-
Balance at 30 September 2018	127,453	(183)	23,821	(95)	-	(4,562)	148,393	294,827	(10,031)	284,796
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 year	-	-	-	-	-	-	(52,405)	(52,405)	(1,136)	(53,541)
Other comprehensive income :										
Exchange differences on translating foreign operations	-	-	1,609	(434)	-	-	-	1,175	(124)	1,051
Available- for- sale financial assets	-	-	-	15,571	-	-	-	15,571	-	15,571
Total other comprehensive Income	-	-	1,609	15,137	-	-	-	16,746	(124)	16,622
Total comprehensive income for the financial year	-	-	1,609	15,137	-	-	(52,405)	(35,659)	(1,260)	(36,919)
Fair value reserve transfer to retained earnings	-	-	-	583	-	-	(583)	-	-	-
Balance at 30 September 2017	111,406	(183)	33,400	(7)	9,507	(4,562)	165,294	314,855	(9,575)	305,280

1(d) (i) Statements of Changes in Equity

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
Loss for the financial year	-	-	-	-	-	(31,477)	(31,477)
Other comprehensive income:							
Exchange differences on translation	-	-	(10,174)	-	-	-	(10,174)
Total comprehensive income for the financial year	-	-	(10,174)	-	-	(31,477)	(41,651)
Others:							
Acquisition of a subsidiary	16,047	-	-	-	-	-	16,047
Share options lapsed	-	-	-	-	(9,507)	9,507	-
Balance at 30 September 2018	127,453	(183)	41,250	-	-	190,408	358,928
Balance at 1 October 2016	111,406	(183)	44,458	(15,107)	9,507	79,944	230,025
Profit for the financial year	-	-	-	-	-	132,434	132,434
Other comprehensive income:							
Exchange differences on translation	-	-	6,966	(434)	-	-	6,532
Available-for-sale financial assets	-	-	-	15,541	-	-	15,541
Total other comprehensive income	-	-	6,966	15,107	-	-	22,073
Total comprehensive income for the financial year	-	-	6,966	15,107	-	132,434	154,507
Balance at 30 September 2017	111,406	(183)	51,424	-	9,507	212,378	384,532

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 30 June 2018 and 30 September 2018	142,160,499	51,968	127,453

At an Extraordinary General Meeting held on 19 October 2018, the shareholders approved a renounceable non-underwritten rights issue (the "Rights cum Warrants Issue") of up to 113,534,799 new ordinary shares of the Company (the "Rights Shares") at an issue price of S$0.16 for each Rights Share (the "Issue Price") with up to 113,534,799 free detachable warrants (the "Warrants"), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the "Warrant Share") at an exercise price of S$0.16 for each Warrant Share, on the basis of four (4) Rights Shares for every five (5) existing ordinary shares in the capital of the Company held by entitled shareholders as at a books closure date on 29 October 2018, with one (1) Warrant for every one (1) Rights Share subscribed by the shareholders of the Company.

As at the closing date of the Rights cum Warrant Issue on 21 November 2018, valid acceptance and valid excess applications for a total of 105,195,904 Rights Shares with Warrants, representing approximately 92.66% of the 113,534,799 Rights Shares available under the Rights cum Warrants Issue, were received. The Company has raised net proceeds of approximately S$16.53 (after deducting estimated expenses of approximately S$0.30 million relating to the Rights cum Warrants issue) from the Rights Shares with Warrants.

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

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

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

	As at 30.09.2018	As at 30.09.2017
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 30 September 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 September 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 September 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 September 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.**

	Group	
	30.09.2018	**30.09.2017**
Net loss attributable to owners of the Company for the financial period (RM '000)	(26,408)	(52,405)
Weighted average number of ordinary shares	130,983,901	126,143,289
Loss per share (RM sen)	(20.16)	(41.54)

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 30.09.2018 RM	**As at 30.09.2017 RM**	**As at 30.09.2018 RM**	**As at 30.09.2017 RM**
Net asset value per ordinary share based on issued share capital at the end of the financial year	2.08	2.50	2.53	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) 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.

Performance Review

Review on Consolidated Statement of Comprehensive Income

For financial year ended 30 September 2018, the Group's revenue rose RM12.3 million or 3.0% to RM422.6 million from RM410.3 million in the preceding corresponding year. The increase in revenue was mainly contributed by the Food Services Division and the new Dairies Division. 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 revenue growth of RM43.4 million or 33.6%, from RM129.1 million to RM172.5 million. Texas Chicken, Malaysia remains the top performer which achieved revenue increase of RM35.4 million or 35.4%, from RM99.9 million to RM135.3 million driven by the opening of nine additional new stores since FY2017, and riding on its brand awareness and 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 RM23.1 million to RM29.0 million, representing an increase of RM5.9 million or 25.5%. The division was also supported by Delicious restaurants which posted a growth in revenue of RM2.1 million or 33.9%, from RM6.2 million to RM8.3 million with the introduction of new menu and more marketing activities. In addition, Texas Chicken, Indonesia which opened its first Texas Chicken store in Jakarta on 5 September 2018, has also contributed a small revenue of RM0.1 million to the Division.

The number of stores of each business are as follows:

	FY2018	FY2017
Texas Chicken - Malaysia - Indonesia	 47 1	 39 -
San Francisco Coffee	45	37
Delicious restaurants	3	4

The new Dairies Division which commenced business in January 2018 has added a revenue of RM19.8 million to the Group.

The Trading and Frozen Food Division's revenue declined by RM16.1 million or 9.4%, from RM170.9 million to RM154.8 million due mainly to lower sales to Hotel, Restaurant and Retail sectors as a result of the shortage of quality beef and dairy products.

The Food Processing Division recorded a lower revenue of RM49.0 million compared to the preceding corresponding year of RM76.2 million, representing a decrease of RM27.2 million or 35.7%. This was mainly due to the disposal of its fresh bakery business in December 2017 which contributed a lower revenue of RM24.6 million to the Division. However, this was partially mitigated by the improved performance of the frozen bakery business which saw an increase in revenue of RM6.1 million or 43.0%, from RM14.2 million to RM20.3 million due to increase in new customers. The beverages business reported a decline in revenue of RM7.0 million or 57.4%, from RM12.2 million to RM5.2 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 marginal drop in revenue of RM0.5 million or 2.2%, from RM23.2 million to RM22.7 million as a result of lower demand from its existing customers.

The Nutrition Division also recorded a reduction in revenue of RM7.7 million or 22.5%, from RM34.2 million to RM26.5 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 33.1% to 36.7% year-on-year on the back of higher sales contribution from the Food Services Division which derives higher margin from their products.

Other operating income recorded at RM18.2 million comprised mainly of the gain on disposal of property, plant and equipment of RM4.8 million, gain on disposal of investment property of RM2.8 million, foreign exchange gain of RM4.0 million, gain on disposal of subsidiaries of RM1.8 million and recurring rental income from corporate building of RM1.6 million.

Overall, operating expenses were reduced by RM4.0 million or 2.0% to RM193.0 million from RM197.0 million in the previous financial year. Excluding the impairment loss on quoted investment of RM32.9 million in the preceding corresponding year, the operating costs have increased by RM28.9 million which was mainly due to higher selling and marketing expenses of RM22.6 million or 24.5% and higher administrative expenses of RM5.4 million or 12.4%. These increases were in tandem with the expansion of Texas Chicken and San Francisco Coffee stores, higher selling and marketing 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:

i) Disposal of 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.

Finance costs increased by RM0.7 million or 13.5%, from RM5.0 million to RM5.7 million was mainly due to higher bank borrowings to finance the new warehouse and additional hire purchase facilities for setting up the new stores.

Income tax expense decreased to RM2.4 million from RM4.1 million recorded in the preceding corresponding year. This was mainly due to lower profit generated by certain subsidiaries.

The Group posted a loss after tax of RM27.9 million as compared to loss after tax of RM53.5 million in the preceding corresponding year.

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

Non-current assets increased by RM63.2 million from RM318.2 million to RM381.4 million. Property, plant and equipment increased by RM60.5 million largely due to the acquisition of a subsidiary with land, set-up costs for new stores and construction of new factories and warehouse. Investment properties reduced by RM4.2 million following the disposal of a property. Intangible assets increased by RM2.0 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 RM1.0 million. Deposits paid for the acquisition of plant and equipment of RM4.6 million has also resulted an increase in non-current assets.

Current assets reduced by RM40.3 million mainly due to the disposal of held-for-trading investments of RM23.4 million, draw down of fixed deposits of RM13.7 million and the reduction of inventories by RM4.1 million attributed to lower stock holding.

The Group's current liabilities increased by RM27.3 million due mainly to the increase in trade and other payables of RM19.9 million, higher borrowings of RM4.0 million and higher hire purchase payables of RM2.1 million for the new stores. The increase of the Group's non-current liabilities by RM16.0 million was primarily attributable to higher bank borrowings of RM7.2 million to finance the construction of the new factory and warehouse at the Halal Hub, Pulau Indah and higher finance lease payables of RM5.4 million for the new stores.

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

The Group recorded a net decrease in cash and cash equivalents of RM32.1 million for the current year ended 30 September 2018.

Net cash generated from operating activities amounting to RM2.7 million was attributable to the increase in trade and other payables of RM17.6 million and reduction in inventories of RM2.3 million. These were partially offset by the operating loss of RM5.1 million, increase in trade and other receivables of RM7.8 million, income tax and interest payments of RM4.4 million.

For investing activities, the proceeds from disposal of held-for-trading investments and property, plant and equipment of RM22.4 million and RM15.7 million, respectively were largely utilised for the purchase of property, plant and equipment of RM46.3 million, part settlement for 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 resulted the net cash used in investing activities of RM14.1 million.

For financial activities, the Group has drawn down bank borrowings of RM68.0 million and utilised RM88.7 million for the repayment of bank borrowings, hire purchase payables and interest payment. These resulted in net cash used in financing activities of RM20.7 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) Food Services Division

The weakening of the Malaysian Ringgit and the reintroduction of SST have affected consumers' sentiment and also resulted in a general increase in food costs. These factors have affected the revenue and the margin. To mitigate the impact, Texas Chicken has embarked on improving products formulation to save costs. It also has revamped the menu and launched a number of seasonal menu and limited time offers to sustain and increase consumers' interest and awareness of its products and brand.

No store was opened for the current quarter and the number of stores remains at 47. For the next financial year, Texas Chicken is expected to open eight new stores including three drive-through restaurants.

In Indonesia, Texas Chicken opened its first store on 5 September 2018 in Green Pramuka Square, the second store on 10 October 2018 in Mall@Bassura and is expected to open another two stores in the next quarter. In addition to a fresh new restaurant image, the revamped menu will include many products that are being introduced for the first time in Jakarta and a series of promotions such as opening-day promotions and free-with-purchase extra promotions were launched to bring up the heat in Texas Chicken Indonesia.

For San Francisco Coffee ("SF"), prices of raw material have been stable except for imported green bean which has a slight increase due to the weakening of Malaysian Ringgit against US Dollar. However, cost savings has been achieved with alternative suppliers since March 2018 for local cups and lids. Milk and syrup price remains unchanged for the current quarter.

Competition within the coffee industry is intensifying. Some competitors are offering various discounts on beverage through coupon websites, ventured into opening mini kiosks at Light Rapid Transit and Mass Rapid Transit stations or even establishing their presence in medical centres. SF is targeting to revise the food menu in the next two quarters, the objective is to offer competitive pricing for acquisition of new customers since customers are more responsive to value for money deals.

To-date SF has 45 stores with four new stores located at KL Eco City, Tamarind Square, The Gardens Mall and KL Gateway which opened simultaneously in September 2018. SF is expected to open another four stores in the next quarter and has signed with Caltex to operate the first standalone store at Caltex, Ampang and targeting to open in the next two quarter.

For Delicious Restaurants, retail business have been dampened by the lower number of tourists' arrival and the implementation of the SST. Competition from new hype drinks and dine "street front" outlets such as Power Plant, Uncle Don and Maze is getting intense. More and more restaurants are putting up new offerings to draw in the crowd. Presently, Delicious has only three restaurants and there are no plan to open any new outlet until the existing restaurants are able to compete effectively in the food and beverage market.

b) Trading and Frozen Food Division

The Malaysian Ringgit continues to weaken against the US Dollar in the final quarter. Together with the implementation of Sales and Service Tax ("SST") on 1 September 2018, prices of certain food costs were increased and these have affected the revenue for the quarter. To mitigate the impact, Pok Brothers has negotiated with a supplier on price reduction in order to curb rising food costs. In addition, the next quarter sales will be boosted by the approval of the Department of Islamic Development Malaysia and the Department of Veterinary Service Malaysia of one turkey plant from United States of America provided that the shipment can arrive by early December before the Christmas season begin.

Australia lamb and mutton prices have been rising strongly due to strong demand and tightening supply as most of the plant has stopped slaughtering due to drought. In New Zealand, slaughtering has stopped due to off season and killing will only commence in November 2018 but prices are expected to be high.

The supply of cheese and butter has not improved from the previous quarter due to the shortage of milk which has significantly impacted the revenue in the current quarter. Supply situation hopefully can improve by the second quarter of the next financial year.

Moving forward, the next twelve months will be very challenging with the weakening of Malaysian Ringgit, implementation of SST, the increased price of food products and shortage of dairy and meat products. Pok Brothers is expected to reduce prices of certain products in order to maintain market share.

c) Food Processing Division

(i) Bakery

The prices of main ingredients are still volatile especially butter and flour which are on the upward trend since last quarter. Deluxe Food had taken counter measures to source for alternate suppliers on some raw materials with lower price to mitigate the impact.

Deluxe has managed to increase its local sales in the current quarter despite the slowdown in the economy. The reduced number of tourists' arrivals has greatly impacted its sales in the hotel and restaurant business. To mitigate the impact of downturn in the economy, efforts have been intensified to penetrate into supermarkets, catering and entertainment centres.

The overseas market is also facing global slowdown and the penetration into the market may take some time due to various local regulations and competition.

(ii) Butchery

Prices of local raw material has increase due to the implementation of SST. Additionally, the prices for imported raw materials are also affected by the weakening of Malaysian Ringgit against US Dollar. To reduce the impact, Gourmessa has started to source it supplies of meat from Brazil, which is cheaper than those from Australia and New Zealand.

Revenue in Gourmessa shows a slight improvement as export sales to Singapore increase gradually. Gourmessa is expecting to increase its export sales to Hong Kong in the next quarter, especially after the relocation of its new and bigger factory building in the Selangor Halal Hub, located in Pulau Indah by December after the inspection and approval from relevant authorities.

(iii) Contract Packing for Dairy and Juice Based Drinks

There are several new co-packers entering the PET Aseptic market both in New Zealand ("NZ") and Australia. This is resulting in several legacy beverage brands such as Up and Go (sanitarium), Mammouth and Primo (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 focus on Liquid Infant Formula (using their own brands)

Some flavoured milk customers are exiting the market due to poor margins and high milk costs and transport costs within NZ. Demand from China is more for fresh milk at present but still demand for premium UHT milk products from NZ.

d) 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 but has now stabilised for the most recent period at 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 September 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 team have revised their marketing strategy as they acknowledge that sports nutrition and weight management is now an increasingly mature category. The value of protein in the diet is more broadly understood by consumers who are seeking convenience product formats and easy access to products that meet their needs. In this context the Horleys team are placing increased focus on new product development and mass channel servicing to meet this wider audience. Recently a new range of low carbohydrate protein bars were introduced to the market and there are more exciting new products in the pipeline. Increasingly these ready to consume offerings are sold primarily in mass channels being supermarkets and Oil and Convenience outlets while demand continues to be strong from the traditional gyms and health food and specialised supplement shop channels.

e) Dairies Division

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 9 months, the commodities pricing on the main ingredients: 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 that have cost advantages in the same market.

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 September 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.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14 Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

SEGMENTAL RESULTS
For the year ended 30 September 2018

2018	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Nutrition RM'000	Dairies RM'000	Unallocated RM'000	Total RM'000
Revenue							
Total revenue	172,814	167,990	52,000	27,453	19,957	10,589	450,803
Intersegment revenue	(305)	(13,177)	(3,023)	(955)	(149)	(10,589)	(28,198)
Revenue from external customers	172,509	154,813	48,977	26,498	19,808	-	422,605
Results							
Segment results	(15,602)	12,055	(6,323)	(1,263)	(1,439)	(7,895)	(20,467)
Interest income	68	234	93	8	-	298	701
Finance costs	(1,843)	(1,333)	(810)	1	(22)	(1,659)	(5,666)
Profit/(Loss) before tax	(17,377)	10,956	(7,040)	(1,254)	(1,461)	(9,256)	(25,432)
Income tax	(27)	(2,173)	205	(47)	308	(700)	(2,434)
Profit/(Loss) from operations, net of tax	(17,404)	8,783	(6,835)	(1,301)	(1,153)	(9,956)	(27,866)
Segment assets	108,083	125,063	162,770	16,216	34,505	72,724	518,861
Segment liabilities	56,808	41,225	69,486	2,348	11,771	52,427	234,065
Other information							
Capital expenditure	32,703	8,322	27,375	140	24,203	700	93,443
Depreciation and amortisation	13,878	2,319	8,567	120	96	2,250	27,230
Allowance for doubtful receivables	-	807	264	-	-	-	1,071
Property, plant and equipment written off	299	1	117	643	-	-	1,060
Allowance for write down of inventories	-	-	316	-	-	-	316
Gain on disposal of property, plant and equipment	(105)	(11)	(4,702)	-	-	-	(4,818)
Gain on disposal of investment property	-	-	(2,812)	-	-	-	(2,812)

The following table presents financial information regarding geographical segments:

2018	Malaysia RM'000	China RM'000	Asean RM'000	New Zealand RM'000	Australia RM'000	Others RM'000	Group RM'000
Total revenue from external customers	369,222	822	2,196	41,407	5,642	3,316	422,605
Segment non-current assets	356,698	-	4,082	20,594	-	-	381,374

SEGMENTAL RESULTS
For the year ended 30 September 2017

2017	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Nutrition RM'000	Unallocated RM'000	Total RM'000
Revenue						
Total revenue	129,112	180,071	82,456	35,329	9,171	436,139
Intersegment revenue	(24)	(9,164)	(6,278)	(1,171)	(9,171)	(25,808)
Revenue from external customers	129,088	170,907	76,178	34,158	-	410,331
Results						
Segment results	(12,265)	12,923	(13,084)	(1,319)	(31,988)#	(45,733)
Interest income	76	189	79	10	930	1,284
Finance costs	(1,297)	(1,145)	(813)	-	(1,736)	(4,991)
Profit/(Loss) before tax	(13,486)	11,967	(13,818)	(1,309)	(32,794)	(49,440)
Income tax	-	(2,476)	(376)	(417)	(832)	(4,101)
Profit/(Loss) from operations, net of tax	(13,486)	9,491	(14,194)	(1,726)	(33,626)	(53,541)
Segment assets	78,994	127,715	158,131	20,609	110,561	496,010
Segment liabilities	35,881	47,863	56,877	4,116	45,993	190,730
Other information						
Capital expenditure	25,389	25,039	33,787	503	3,977	88,695
Depreciation and amortisation	9,556	1,947	7,883	2,369	2,051	23,806
Allowance for doubtful receivables	-	339	194	146	-	679
Property, plant and equipment written off	675	9	1	-	-	685
Allowance for write down of inventories	-	-	1,136	-	-	1,136
Reversal of overprovision of incidental costs relating to disposal of subsidiaries in prior years	-	-	-	-	2,842	2,842
Impairment loss on available-for-sale financial asset	-	-	-	-	32,870	32,870

The following table presents financial information regarding geographical segments:

2017	Malaysia RM'000	China RM'000	Asean RM'000	New Zealand RM'000	Australia RM'000	Others RM'000	Group RM'000
Total revenue from external customers	346,894	4,518	956	45,832	9,318	2,813	410,331
Segment non-current assets	293,107	-	-	24,169	-	-	317,276

Segment results from unallocated segment comprise mainly the impairment loss on available-for-sale financial asset during the financial year ended 30 September 2017.

15 **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Review of performance by business segments

The Group's businesses comprise the Food Services, Trading and Frozen Food, Food Processing, Nutrition and Dairies Divisions. The Food Services Division contributed 40.8% of the revenue, followed by the Trading and Frozen Food, Food Processing, Nutrition and Dairies Divisions of 36.6%, 11.6%, 6.3% and 4.7%, respectively. Overall, the Group made a loss before tax of RM25.4 million.

Food Services Division

The Food Services Division comprises of Texas Chicken quick service restaurants in Malaysia and Indonesia, San Francisco Coffee chain and Delicious restaurant businesses. The Division continues to achieve a strong growth in revenue of RM43.4 million or 33.6%, from RM129.1 million to RM172.5 million. Texas Chicken, Malaysia remains the top performer which achieved revenue growth of RM35.4 million or 35.4%, from RM99.9 million to RM135.3 million driven by the opening of nine additional new stores since FY2017, and riding on its brand awareness and 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 RM23.1 million to RM29.0 million, representing an increase of RM5.9 million or 25.5%. The division was also supported by Delicious restaurants which posted a growth in revenue of RM2.1 million or 33.9%, from RM6.2 million to RM8.3 million with the introduction of new menu and more marketing activities. In addition, Texas Chicken, Indonesia which opened its first Texas Chicken store in Jakarta on 5 September 2018, has also contributed a small revenue of RM0.1 million to the Division. The Division posted a loss before tax of RM17.4 million as compared to RM13.5 million in the previous financial year was principally due to higher selling, marketing and administrative expenses to support the expansion of the division businesses.

The increase in property, plant and equipment following the opening new outlets during the financial year contributed mainly to the increase in the segmental assets from RM79.0 million to RM108.1 million or 36.8%. Segmental liabilities increased by 58.2% from RM35.9 million to RM56.8 million principally due to higher payables and additional hire purchase facilities to finance the set up costs for the new stores.

Trading and Frozen Food Division

The Trading and Frozen Food Division recorded a decline in revenue by RM16.1 million or 9.4%, from RM170.9 million to RM154.8 million due mainly to lower sales to Hotel, Restaurant and Retail sectors as a result of the shortage of quality beef and dairy products. As a result, the Division posted a lower profit before tax of RM11.0 million as compared to RM12.0 million in the previous financial year.

Segmental assets decreased by 2.0% from RM127.7 million to RM125.1 million as a result of the lower inventories and receivables, which were partially offset by the increase in property, plant and equipment for the construction of factory building. Segmental liabilities decreased from RM47.9 million to RM41.2 million or 14.0% mainly due to lower utilisation of tradeline facilities.

Food Processing Division

The Group's Food Processing Division comprises of the bakery, butchery, beverages and contract packing for dairy and juice based drink businesses. The Division recorded a lower revenue of RM49.0 million compared to the preceding corresponding year of RM76.2 million, representing a decrease of RM27.2 million or 35.7%. This was mainly due to the disposal of fresh bakery business in December 2017 which contributed a lower revenue of RM24.6 million to the Division. However, this was partially mitigated by the improved performance of the frozen bakery business which saw an increase in revenue of RM6.1 million or 43.0%, from RM14.2 million to RM20.3 million due to increase in new customers. The beverages business reported a decline in revenue of RM7.0 million or 57.4%, from RM12.2 million to RM5.2 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 marginal drop in revenue of RM0.5 million or 2.2%, from RM23.2 million to RM22.7 million as a result of lower demand from its existing customers. The Division incurred a lower loss before tax of RM7.0 million as compared to RM13.8 million in the previous financial year largely due to one-off gain on disposal of properties and equipment of RM7.5 million.

Segmental assets increased by 3.0% from RM158.1 million to RM162.8 million mainly attributed to the increase in property, plant and equipment for the construction of factory building and deposits paid for the purchase of machinery. The segmental liabilities decreased by 22.1% from RM56.9 million to RM69.5 million was largely due to disposal of subsidiaries and expenses incurred for the construction of a factory building.

Nutrition Division

The Nutrition Division recorded a reduction in revenue of RM7.7 million or 22.5%, from RM34.2 million to RM26.5 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. As a result, the Division recorded a loss before tax of RM1.3 million, same as previous financial year.

Segmental assets had decreased by 21.4% from RM20.6 million to RM16.2 million principally attributable to the decrease in property, plant and equipment, lower inventories level and receivables. Segmental liabilities reduced to RM2.3 million from RM4.1 million was largely due to reduction in payables.

Dairies Division

The new Dairies Division posted a revenue of RM19.8 million and loss before tax of RM1.5 million. The Division recorded the segment assets of RM34.5 million and segment liabilities of RM11.8 million.

16 A breakdown of sales and net profit after taxation (before deducting non-controlling interests) are as follows:

	Group		
	30.09.2018 RM'000	**30.09.2017 RM'000**	**Change %**
(a) Sales reported for first half year	210,211	201,957	4.1
(b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(9,699)	(5,356)	81.1
(c) Sales reported for second half year	212,394	208,374	1.9
(d) Operating loss after tax before deducting non–controlling interests reported for second half year	(18,167)	(48,185)	(62.3)

17 A breakdown of the total annual dividend in (dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	**Age**	**Family relationship with any director and/or substantial shareholder**	**Current position and duties, and the year the position was held**	**Details of changes in duties and position held, if any, during the year**
Dato' Kamal Y P Tan	66	Brother of Dato' Jaya J B Tan, Chairman and substantial shareholder of the Company.	Group Chief Executive Officer ("Group CEO") with effect from 20 January 2009	Not applicable.
Tan San May	37	Daughter of Dato' Kamal Y P Tan, Group CEO and substantial shareholder of the Company. Niece of Dato' Jaya J B Tan, Director and substantial shareholder of the Company.	Head of Bakery and Head of Café with effect from 6 April 2016	Not applicable
Tan San Jean	30	Daughter of Dato' Jaya J B Tan, Chairman and substantial shareholder of the Company. Niece of Dato' Kamal Y P Tan, Group CEO and substantial shareholder of the Company.	Head of Operations (Business Development) of Texas Chicken (Malaysia) Sdn Bhd with effect from 1 January 2016	Not applicable
Tan San Yen	33	Daughter of Dato' Jaya J B Tan, Chairman and substantial shareholder of the Company. Niece of Dato' Kamal Y P Tan, Group CEO and substantial shareholder of the Company.	Head of Operations – Regional of Texas Chicken (Malaysia) Sdn Bhd with effect from 1 December 2016.	Not applicable

19 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).

BY ORDER OF THE BOARD
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Dato' Kamal Y P Tan
Group CEO

28 November 2018

ENVICTUS INTERNATIONAL HOLDINGS LIMITED
Registration No: 200313131Z

ENVICTUS

NEWS RELEASE

ENVICTUS ACHIEVES 14.1% GROWTH IN GROSS PROFIT TO RM155.0 MILLION[1] IN FY2018

- ***Food Services Division records 33.6% surge in revenue attributable to an increase in revenue contributions from Texas Chicken, San Francisco Coffee chain and Delicious restaurant***
- ***New Dairies Division contributes revenue of RM19.8 million***
- ***Gross profit margin up 3.6 percentage points to 36.7% on the back of higher margins from the Food Services Division***
- ***Texas Chicken, Malaysia to open another seven new stores in FY2019***
- ***Texas Chicken, Indonesia has opened three outlets in Indonesia to-date; set to open another outlet in Q1FY2019***
- ***San Francisco Coffee set to open another two outlets in Q1FY2019, and another three outlets by Q2FY2019, including its first standalone store at Caltex petrol station, Ampang; has since opened two new outlets to-date***

Singapore, 28 November 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 RM422.6 million for the financial year ended 30 September 2018 ("FY2018"), a 3.0% increase from the RM410.3 million reported in the preceding year ("FY2017"). The growth in revenue was mainly attributable to the higher sales contribution from the Food Services Division and the new Dairies Division.

[1] *Approximately S$50.8 million. Currency conversion based on S$1.00 = RM3.05*

Envictus' Group Chairman, Dato' Jaya Tan said, "We have continued to streamline our business during the fourth quarter, focusing on the expansion of our higher margin Food Services Division while nurturing a new revenue stream from our Dairies Division, which commenced operations in January this year. At the same time, we've disposed of non-core and loss-making segments including the fresh bakery and beverage businesses under our Food Processing Division, thereby strengthening our financial position."

On the fast-growing Food Services Division and the new Dairies Division, Dato' Jaya Tan added, "Leveraging on Texas Chicken's widely recognised brand, product quality and good value, we now have 49 stores, extending from Klang Valley to the north from Perak to Penang and onto the southern part of Johor Bahru. Notably, we have recently made new strides, extending our reach to Indonesia. San Francisco Coffee too has made good progress, expanding from 28 stores at acquisition just two years ago, to the current 47 stores. We will refresh our food menu and continue to offer value-for-money deals to capture new customers."

On 12 June 2018, the Group signed a 10-year International Multiple Unit Franchise and Development Agreement with US-based franchisor, Cajun Global LLC, for the exclusive rights to develop 80 franchised outlets in parts of Indonesia, which include West Java, Jakarta, Banten, Lampung, South Sumatra and Bengkulu. The first store at Green Pramuka Square, Jakarta was opened on 5 September 2018, followed by the second store at Mall@Bassura on 10 October 2018 and a third outlet at Plaza Festival today. This brings the total number of stores to three in Jakarta, within just two months of opening the first Texas Chicken outlet in Indonesia.

"As for our new Dairies segment, with the successful acquisition of Motivage, we have re-entered the manufacturing of sweetened condensed and evaporated milk, where we have strong expertise in, given our past track record in this area of business. We will explore avenues to deepen and broaden market reach, both locally and abroad," added Dato' Jaya Tan.

Financial Review

In FY2018, the Food Services Division recorded a surge in revenue of 33.6%, from RM129.1 million to RM172.5 million. The growth remained largely driven by Texas Chicken, Malaysia, which added nine new stores in the year under review, further strengthening its brand awareness and favourable market acceptance of its quality products and value. On 5 September 2018, Texas Chicken, Indonesia opened its first store in Jakarta, which contributed revenue of RM0.1 million. San Francisco Coffee added eight stores, contributing an increase of 25.5% in revenue to RM29.0 million. Delicious restaurants posted an increase in revenue of 33.9% to RM8.3 million, on the back of the introduction of a new menu and more promotional activities.

The new Dairies Division, which commenced operation in January 2018, contributed a revenue of RM19.8 million to the Group.

However, the performance of the Food Services Division and Dairies Division were partially offset by a decrease in revenue contributions from the other divisions. The Trading and Frozen Food Division's revenue declined by 9.4% to RM154.8 million as a result of lower sales to the Hotel, Restaurant and Retail sectors. This was due to a shortage of quality beef and dairy products.

The Food Processing Division recorded a lower revenue of RM49.0 million, 35.7% lower than the preceding corresponding year. This was mainly attributable to the disposal of the fresh bakery business in December 2017 and the scaling down of the beverages business in the last quarter of FY2017. Similarly, the Contract Packing for Dairy and Juice based drinks business saw a marginal drop in revenue of 2.2% to RM22.7 million as a result of lower demand from its customers. The decrease in revenue was partially mitigated by the improved performance of the frozen bakery business, which saw an increase in revenue of 43.0% to RM20.3 million, due to increase in new customers.

The Nutrition Division recorded a 22.5% reduction in revenue to RM26.5 million mainly attributable to lower revenue from its Australia Route and New Zealand Retail sectors. The lower revenue was due to a loss in market share on the back of more competitively priced US brands and aggressive competitor promotional programmes.

Gross profit margin of the Group improved from 33.1% to 36.7% year-on-year, derived from a higher sales contribution from the Food Services Division, which achieved a higher margin from its products.

Other income grew 9.2% to RM18.2 million, boosted mainly by the gain on disposal of property, plant and equipment of RM4.8 million and gain on disposal of investment property of RM2.8 million.

Overall, operating expenses contracted by 2.0% to RM193.0 million in FY2018. Excluding the impairment loss on quoted investment of RM32.9 million in the preceding corresponding year, the operating costs rose by RM28.9 million, mainly due to the higher selling and marketing expenses and administrative expenses in tandem with the expansion of Texas Chicken and San Francisco Coffee stores and the inclusion of operating costs from the new Dairies Division. This was partially offset by lower selling and marketing expenses mainly from the streamlining of business processes.

Consequently, the Group's loss after tax narrowed by 48.0% to RM27.9 million, from RM53.5 million in FY2017.

The Group's cash and cash equivalents stood at RM16.4 million while shareholders' equity was RM284.8 million as at 30 September 2018.

Outlook

Looking ahead, for the Group's Trading and Frozen Food Division, Envictus expects that trading condition will be tough due to the supply situation, weakening Malaysian Ringgit and implementation of Sales and Service Tax.

Commenting on the Group's best performing Food Services Division, Group Chief Executive Officer, Dato' Kamal Tan said, "We will continue to build upon Texas Chicken's resounding success to increase our presence both locally and in Indonesia. In Malaysia, we have opened one drive through restaurant in Sungai Petani, Kedah this month and expect to open another seven new stores including two drive throughs for FY2019. In Indonesia, we are pleased to have broadened our reach with the opening of three stores in Jakarta within a short span of time, and plan to open another outlet in Q1FY2019."

"As for San Francisco Coffee, we have opened two new outlets in October, at Capital City Mall and Selangor Bio Bay, with plans to open another two in Q1FY2019, and another three by Q2FY2019 which includes our first standalone store at Caltex petrol station, Ampang. To better cope with competition, Delicious is offering some new seasonal menu across our three rebranded outlets to maintain our competitive edge."

The Food Processing sector remains challenging due to several factors such as the price volatility of raw materials and competition. However, the Group expects an improvement in its butchery business as it increases its exports sales, particularly after the relocation to its newer and bigger factory building in the Selangor Halal Hub in December.

The Nutrition Division has revised its marketing strategy by focusing on new product development and mass channel servicing amidst changing consumer preferences and an increasingly competitive landscape. It has recently introduced a new range of low carbohydrate protein bars and has more exciting products in its pipeline.

The Group is cautiously optimistic about the new Dairies Division, notwithstanding a competitive environment, as the demand for sweetened creamer is stable due to the strong drinking culture in Malaysia, where sweetened creamer is one of the main ingredients used in the preparation of the drinks.

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 "Sujohan" brand to be sold in Malaysia. There are plans to export the manufactured sweetened condensed milk and evaporated milk to overseas markets under the "Motilait" and "Family Farm" brands.

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

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28 November 2018