

## Annual Reports and Related Documents::



## Issuer &amp; Securities

<b>Issuer/ Manager</b>	ENVICTUS INTERNATIONAL HOLDINGS LIMITED
<b>Securities</b>	ENVICTUS INTERNATIONAL HLDGLTD - SG1Q54922550 - 5FR
<b>Stapled Security</b>	No

## Announcement Details

<b>Announcement Title</b>	Annual Reports and Related Documents
<b>Date &amp; Time of Broadcast</b>	06-Jan-2016 07:45:24
<b>Status</b>	New
<b>Report Type</b>	Annual Report
<b>Announcement Reference</b>	SG160106OTHS4NS
<b>Submitted By (Co./ Ind. Name)</b>	S SURENTHIRARAJ AND KOK MOR KEAT
<b>Designation</b>	COMPANY SECRETARIES
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	PLEASE SEE ATTACHED.

## Additional Details

<b>Period Ended</b>	30/09/2015
<b>Attachments</b>	 <a href="#">EIH-Annual_Report_2015.pdf</a>  <a href="#">EIH-Appendix2015.pdf</a> Total size =8631K

Like  [Tweet](#)



**Sharpening  
Our Strategic  
Focus**

**ENVICTUS INTERNATIONAL HOLDINGS LIMITED**  
ANNUAL REPORT 2015

# SHARPENING OUR



**TRADING &  
FROZEN FOOD  
DIVISION**



**FOOD  
SERVICES  
DIVISION**

## **CONTENTS**

- 2** Corporate Profile
- 8** Corporate Milestone
- 12** Message from the Chairman
- 16** Review of Operations
- 26** Financial Highlights
- 28** Risk Factors
- 31** Group Structure
- 32** Corporate Information

# STRATEGIC FOCUS



- 33 Board of Directors
- 36 Key Management
- 38 Corporate Governance
- 49 Financial Statements
- 138 Statistics of Shareholdings
- 140 Notice of Annual General Meeting
  - Proxy Form



# CORPORATE PROFILE



Listed on SGX Catalist (previously known as the SGX-SESDAQ) on 23 December 2004 and upgraded to the Mainboard on 18 June 2009, Envictus International Holdings Limited (“Envictus” or “the Group”), is an established Food and Beverage (“F&B”) Group. The Group has an established portfolio of businesses and brands operating under its key business divisions.

**Founded in 1997, the Group started as a manufacturer and distributor of sweetened condensed milk and evaporated milk and in the years following its listing, has evolved into a diversified F&B player vide several acquisitions. In June 2014, the Group unlocked shareholders’ value in the business through the disposal of its investment in the dairies and packaging businesses and the relevant intellectual property to Asahi Group Holdings Southeast Asia Pte. Ltd..**

The Group’s current business divisions comprise Trading and Frozen Food, Food Services (Texas Chicken), Nutrition as well as Food Processing. The Food Processing Division’s business segments are bakery, butchery, beverages and contract packing for dairy and juice-based drinks.



Envictus’ operating facilities are located in Malaysia and New Zealand, with plans for a number of its existing operations in Malaysia to be centralised in the Selangor Halal Hub, Pulau Indah, following the acquisition of eight plots of land.

Apart from Malaysia, the Group’s products can be found around the region including China, Japan, Taiwan, Thailand, Singapore, Indonesia, Hong Kong, UAE, Papua New Guinea, Pacific Island, Australia and New Zealand. The Group’s products are traded under various brand names like Gourmessa, Polygold, Daily Champ, Hearty Bake, Family, Daily Fresh, Horleys, Sculpt, Replace, Pro-Fit, Air Champ and Power Champ.

Helmed by an experienced management team of industry veterans who possess a wide range of expertise in strategic planning, business development, operational and production skills, the Group is well-positioned to tap on its established standing in the F&B industry to further enhance its strong brand names.

## TRADING AND FROZEN FOOD DIVISION

With over 50 years of track record, Pok Brothers Sdn Bhd (“Pok Brothers”) is today a household name and is one of Malaysia’s leading frozen food and premium food wholesaler. Pok Brothers started as a general store business in Petaling Jaya in 1963 and from this humble beginning, it has successfully transformed itself into one of the leading frozen food companies in Malaysia.

As a premium food wholesaler, Pok Brothers imports and distributes food products, both in raw and processed form, with particular emphasis on servicing the hospitality and consumer-based food industry.

Its products include frozen/chilled beef and lamb cut, dairy products, seafood, condiments, vegetables, bakery products and cold cuts among many others. Its major clients include major 5-star hotels, airlines, cruise ships, hyper/supermarkets, bakeries, butcheries, fast-food chains, grocery stores, food processors and other wholesalers. Pok Brothers is the sole distributor of major imported brands like Lamb-Weston, Emmi, Devondale, Dr.Oetker, Pritchitt and other imported brands as well. Pok Brothers is also an appointed importer and distributor of proprietary goods for several American restaurant chains in Malaysia.

Most of Pok Brothers’ supplies are sourced internationally, in particular, from the United States, Europe, Australia, New Zealand and Brazil.

It operates out of Glenmarie, Shah Alam in Selangor and has branches in Penang, Johor, Pahang and Langkawi to cover the length and breadth of Peninsular Malaysia. All the facilities have cold room facilities.





## FOOD SERVICES DIVISION

On 10 July 2012, the Group signed an exclusive 10-year International Multiple Unit Franchise Agreement with US-based Cajun Global LLC for exclusive rights to develop and operate Texas Chicken restaurants in Malaysia and Brunei from 2013 to 2022. This marked the Group's maiden foray into the fast food segment. These restaurants serve American-styled, big juicy full-flavoured fried chicken, french fries, honey butter biscuits, mashed potatoes, coleslaw, burgers and sundae, to name a few.

This partnership expanded Envictus' portfolio as well as enabled the Group to tap on synergistic opportunities in its existing Trading and Frozen Food Division and beverage business. In addition, this downstream expansion is part of Envictus' growth strategy to increase the presence of its identity and brand in key markets such as Malaysia and the neighbouring countries in Asia.

Texas Chicken sets itself apart from the competition, given the substantial attention paid to ingredient sourcing and good quality control to ensure freshness of food at all times. All spices and seasoning for Texas Chicken's great tasting chicken are imported directly from USA for consistency in flavour to ensure that guests who visit Texas Chicken restaurants in Malaysia enjoy the same great taste created 60 years ago by the founder – Mr. George W. Church, Sr. The attention to detail is seen right down to the choice of the key ingredient – chicken freshly procured from local farms – cooked using an exclusive technique for a juicy and crunchy bite. In addition, Texas Chicken's signature 8-piece cut ensures that customers enjoy bigger chicken portions at greater value.

Since the opening of the first flagship outlet at Aeon Bukit Tinggi Shopping Centre, located in Bandar Bukit Tinggi township, Klang on 31 January 2013, Envictus has leveraged on the robust demand for the Texas Chicken restaurant concept by growing its presence at a good pace to reach a total of 22 outlets, largely within the Klang Valley area in Malaysia. During the financial year, the Group opened a total of eight outlets. Subsequent to the financial year end, another two new Texas Chicken outlets were opened.

Locations	2013
Aeon Bukit Tinggi Shopping Centre	31 January
Sri Gombak, Batu Caves	1 March
Jalan Sultan Ismail, Golden Triangle	2 May
Sunway Pyramid Shopping Mall, Subang Jaya	12 July
The Mines Shopping Mall, Seri Kembangan	19 July
Empire Damansara	20 September
Kajang	12 December
Locations	2014
Klang Parade, Klang	14 March
Kuala Lumpur International Airport 2, Sepang	3 May
Main Place, Subang Jaya	26 May
Jaya Shopping Centre, Petaling Jaya	26 June
Tesco Extra Cheras, Kuala Lumpur	17 July
Mid Valley Megamall	29 October
IOI City Mall, Putrajaya	20 November
Wangsa Walk Mall	18 December
Locations	2015
Geo Hotel	12 February
Damansara Uptown	19 March
Tesco Setia Alam	11 June
KL Festival City Mall, Setapak	9 July
Tesco Extra Jenjarom	30 September
PJ New Town	8 October
Evolve Concept Mall	5 November

Information as at 8 December 2015



## NUTRITION DIVISION

Naturalac Nutrition Limited (“NNL”), a marketer of branded sports nutrition and weight management food products to athletes and mass consumer markets trades under the Horleys™ brand name and other proprietary brands such as Sculpt™ (a weight management product tailored for women), Replace™ (an isotonic sports drink in both powder and carbonated form) and Pro-Fit™ (a high protein ready-to-drink beverage). The key benefits of these products are in the areas of weight management (both muscle mass gain and weight loss through satiety control), energy delivery and hydration.

NNL became a “virtual” company in 2002 in order to enable its management to focus its efforts on key areas of marketing and product development. As such, this marketing company outsources many of its key functions including manufacturing, distribution and selling to third party providers, both in New Zealand and Australia. This lean business model, akin to popular sports apparel brands, has provided NNL with the needed flexibility and speed in delivering high quality products to its customers, while focusing and leveraging on its key competency in product development, advertising and promotion and customer service. This model has

reduced the need for substantial resources, both financial and non-financial, otherwise required for setting up of processing and production centres.

By concentrating on its core competencies, NNL has been able to significantly shorten the time required for product development, from concept to market. This ability is considered an edge over its competitors. 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.







## FOOD PROCESSING DIVISION

### BAKERY

De-luxe Food Services Sdn Bhd, which is located in Meru, Klang, manufactures speciality European bread for supply to hotels, restaurants, cafes and supermarkets. It also supplies its products to Subway Malaysia.

In addition to the frozen bakery range produced by De-luxe Food Services Sdn Bhd, the Group also produces and distributes fresh breads and buns through the Family Group, consisting of Family Bakery Sdn Bhd and Daily Fresh Bakery Sdn Bhd.

Family Group's manufacturing facility is located in Meru, Klang and produces fresh breads and buns in Malaysia under the brand name of Daily Fresh and Family. Their products are distributed nationwide to hypermarkets, supermarkets, factory canteens, petrol marts, grocery stores and convenience shops.

### BUTCHERY

Gourmessa Sdn Bhd which is located in Glenmarie, Shah Alam, manufactures and processes cold cuts, sausages, portion control meat and smoked salmon for distribution to supermarkets, hotels and restaurants. Its Gourmessa brand of quality cold cuts and sausages are well distributed and displayed in most supermarkets and hypermarket chains across Malaysia.



### BEVERAGES

Polygold Beverages Sdn Bhd is a manufacturer of canned beverages based in Seremban, Negeri Sembilan. Its plant produces both carbonated and non-carbonated drinks under the brand name of Polygold. In addition, it also produces Air Champ energy drink, Power Champ isotonic sports drink and Daily Champ soya milk drink.

### CONTRACT PACKING

The Group entered into the ready-to-drink segment via a joint venture in Envictus Dairies NZ Limited to establish New Zealand's first state-of-the-art, UHT Aseptic PET bottling line for dairy, juice and water products with the official opening of its plant on 1 September 2011. The plant, located at Whakatu Industrial Park, near Hastings, is ideally-suited for bottling operations with its existing resources, including trade waste discharge rights and tanker access.

The plant currently produces UHT milk for the China and Taiwan markets, flavoured milk for Australasia, pet milk for Japan and fruit juice for local and Asian markets. It has also developed and launched its ready-to-drink sports nutrition beverage including isotonic drinks, protein drinks, weight loss water and pre-workout drinks. Most recently, the plant has expanded into non-dairy alternatives such as coconut and almond milk.

# TRADING AND FROZEN FOOD DIVISION





# CORPORATE MILESTONE

**1997**

## JANUARY

Clarity Valley Sdn Bhd was used as a joint venture (“JV”) vehicle between the Tan Brothers (Motif Etika Sdn Bhd) and Messrs Mah Weng Choong, Khor Sin Kok and others (Jasnida Sdn Bhd) to engage in the manufacturing and distribution of milk products in Malaysia. Subsequently, Clarity Valley Sdn Bhd changed its name to Etika Dairies Sdn Bhd.

**1999**

## FEBRUARY

Etika Dairies Sdn Bhd completed installation of its maiden modern and fully automated sweetened condensed milk production line in our production factory in Meru, Klang, Selangor, Malaysia.

## MARCH

Commercial launch of sweetened condensed milk under the Dairy Champ brand throughout Malaysia.

## DECEMBER

Commencement of export of sweetened condensed milk to Malawi.

**2003**

## DECEMBER

Etika International Holdings Limited (EIHL) was incorporated in Singapore on 23 December 2003 as a private limited company.

**2004**

## NOVEMBER

Pursuant to a Restructuring Exercise, EIHL became the holding company of Etika Dairies Sdn Bhd on 8 November 2004.

## DECEMBER

EIHL was converted into a public limited company on 10 December 2004. Subsequently, it was listed on SGX-SESDAQ (now known as SGX Catalyst) on 23 December 2004.

**2006**

## FEBRUARY

1<sup>st</sup> acquisition pursuant to our listing, we acquired Pok Brothers Group, one of Malaysia’s leading frozen food and premium food wholesaler, on 8 February 2006 vide our wholly-owned subsidiary, Etika Foods (M) Sdn Bhd for a consideration of approximately RM21.5 million.

**2007**

## JANUARY

The Group proposed a renounceable non-underwritten rights issue of up to 68,652,060 new ordinary shares in the capital of the company at an issue price of S\$0.095 for each rights share with up to 17,163,016 free detachable warrants.

## FEBRUARY

Completed acquisition of Naturalac Nutrition Limited (“NNL”) based in New Zealand vide our wholly-owned subsidiary Etika (NZ) Limited on 8 February 2007 for a consideration of NZ\$7.8 million.

**2007**

## APRIL

Completed acquisition of 65.04% equity interest in General Packaging Sdn Bhd (“GPSB”) (formerly known as M.C. Packaging (M) Sdn Bhd) on 25 April 2007 vide our wholly-owned subsidiary, Etika Industries Holdings Sdn Bhd for a consideration of RM7.8 million.

## MAY

The Group completed the take-over of an ongoing consumer distribution business involved in chilled and dry-ambient consumer products on 1 May 2007. This business was housed under Pok Brothers Group to complement our Trading and Frozen Food Division.

On 10 May 2007, we completed the renounceable non-underwritten rights issue (proposed in January 2007) which resulted in issuance of 17,162,931 free detachable warrants and net proceeds of S\$6.34 million.

## JULY

Completed acquisition of a canned beverage manufacturing plant by Etika Beverages Sdn Bhd (“EBSB”) on 3 July 2007 for a consideration of RM3.8 million.

## OCTOBER

Increased equity holding in GPSB from 65.04% to 99.04% for purchase consideration of approximately RM6.7 million on 31 October 2007.

## 2009

### MARCH

Entered JV in New Zealand vide Etika Dairies NZ Limited (“EDNZ”), our newly incorporated subsidiary in New Zealand for an initial stake of 50.7% on 18 March 2009, which was later increased to 60.7% in December 2009.

### JUNE

Upgraded to SGX Mainboard on 18 June 2009.

### JULY

Entered into a conditional Sale and Purchase Agreement for proposed acquisition of 100% equity interest in Tan Viet Xuan Joint Stock Company (“TVX”) on 24 July 2009 for an estimated purchase consideration of US\$8.45 million.

### SEPTEMBER

Completed acquisition of wholly-owned subsidiary in Indonesia, PT Vixon Indonesia on 30 September 2009. PT Vixon Indonesia serves as the main distributor of Etika Group’s products - in particular Dairy Champ in Indonesia.

## 2010

### APRIL

Completed the acquisition of 100% equity interest in TVX on 9 April 2010 for approximately US\$9.0 million.

### MAY

Signed syndicated financing facilities of RM368 million with a consortium of three leading Malaysian financial institution groups on 4 May 2010.

## 2010

### JUNE

Entered into a conditional Sale and Purchase Agreement for the proposed acquisition of 100% equity interest in Family Bakery Sdn Bhd, Daily Fresh Bakery Sdn Bhd and Hot Bun Food Industries Sdn Bhd (“Family Group”) on 4 June 2010 for a cash consideration of RM18.68 million.

### JULY

Entered into a conditional Sale and Purchase Agreement for the proposed acquisition of 100% equity interest in PT Sentrafood Indonusa (“PTSF”) and PT Sentraboga Intiselera (“PTSB”), an Indonesian instant noodle manufacturer and distributor on 5 July 2010 for an aggregate consideration of approximately IDR19.1 billion.

Entered into a conditional Sale and Purchase Agreement for the proposed acquisition of 100% equity interest in Susu Lembu Asli (Johore) Sdn Bhd (“SLAJ”) and Susu Lembu Asli Marketing Sdn Bhd (“SLAM”), collectively known as “Susu Lembu Group” on 19 July 2010 for a cash consideration of RM89.5 million.

### OCTOBER

Completed the acquisition of 100% equity interest in Family Group on 1 October 2010. Etika ventures into the manufacturing and distribution of fresh baked breads and buns.

Completed the acquisition of 70% equity interest in PTSF and PTSB on 6 October 2010, for an aggregate consideration of approximately IDR24.2 billion, marking the Group’s entry into the huge instant noodles industry.

Allotment and issuance of 267,290,764 Bonus Shares on 12 October 2010.

## 2011

### JANUARY

Completed the acquisition of 100% equity interest in Susu Lembu Group on 4 January 2011.

### JULY

Completed the acquisition of balance 30% equity interest in PTSF and PTSB on 4 July 2011.

## 2012

### JULY

Signed an International Multiple Unit Franchise Agreement with US-based Cajun Global LLC on 10 July 2012 for exclusive rights to develop and operate “Texas Chicken” restaurants in Malaysia and Brunei over next 10 years from 2013 to 2022.

### DECEMBER

Entered into a Subscription Agreement on 6 December 2012 with Tee Yih Jia Food Manufacturing Pte Ltd (“TYJFM”), a leading frozen foods manufacturer in Singapore whereby Etika will allot and issue TYJFM 75,000,000 new ordinary shares at S\$0.1998 each or a total consideration of S\$14,985,000. A Supplemental Agreement was entered on 24 December 2012 to further amend, vary and supplement the Subscription Agreement to revise the issue price to S\$0.21321 for each share or a total consideration of S\$15,990,750.



## 2013

### JANUARY

Completed allotment and issuance of additional 75,000,000 new ordinary shares in share capital of Etika International Holdings Limited at an issue price of S\$0.21321 each to TYJFM for total consideration of S\$15,990,750 on 7 January 2013.

Increased equity holding in Etika Dairies NZ Limited ("EDNZ") from 60.7% to 63.4% vide a wholly-owned subsidiary, Etika (NZ) Limited through subscription of additional 751,617 new shares in the share capital of EDNZ pursuant to a rights issue exercise undertaken by EDNZ at the issue price of NZ\$1 per share or a total subscription amount of NZ\$751,617 on 18 January 2013.

### MARCH

Increased equity holding in Pok Brothers (Johor) Sdn Bhd from 81.8% to 100% vide a wholly-owned subsidiary of the Group, Pok Brothers Sdn Bhd for a consideration of approximately RM1.3 million on 25 March 2013.

## 2014

### FEBRUARY

Increased equity holding in Etika Dairies NZ Limited ("EDNZ") from 63.4% to 72.3% vide a wholly-owned subsidiary, Etika (NZ) Limited through subscription of additional 1,936,768 new shares in the share capital of EDNZ pursuant to a rights issue exercise undertaken by EDNZ at the issue price of NZ\$1 per share or a total subscription amount of NZ\$1,936,768 on 27 February 2014.

## 2014

### APRIL

Entered into conditional Sale and Purchase Agreement for proposed disposal of the dairies and packaging businesses and the relevant intellectual property to Asahi Group Holdings Southeast Asia Pte Ltd on 10 April 2014 for US\$328,787,704.

### JUNE

Change of name of its wholly-owned subsidiary, Etika Beverages Sdn Bhd to Polygold Beverages Sdn Bhd with effect from 10 June 2014.

Increased issued and paid-up capital in its wholly-owned subsidiary, Etika Vixumilk Pte Ltd from S\$1 to S\$11,446,056 on 20 June 2014.

Approval for the proposed disposal of dairies and packaging businesses to Asahi Group Holdings Southeast Asia Pte Ltd and change of company name were obtained at the EGM held on 20 June 2014.

Entered into Supplemental Sale and Purchase Agreement for proposed disposal of the dairies and packaging businesses and the relevant intellectual property to Asahi Group Holdings Southeast Asia Pte Ltd on 25 June 2014.

Completion of disposal of the dairies and packaging businesses and the relevant intellectual property to Asahi Group Holdings Southeast Asia Pte Ltd on 30 June 2014.

## 2014

### JULY

Acquisition of two shelf companies, Polygold Foods Sdn Bhd ("PFBS") and Polygold Marketing Sdn Bhd ("PMSB") by Etika Industries Holdings Sdn Bhd on 1 July 2014. The principal activity of PFBS is manufacturing of food products whereas PMSB's principal activity is marketing and distribution of food and beverage products.

Change of company name of Etika International Holdings Limited to Envictus International Holdings Limited with effect from 15 July 2014.

Change of names of subsidiaries in Malaysia with effect from 16 July 2014 as follows:-

- a) From Etika Foods (M) Sdn Bhd to Envictus Foods (M) Sdn Bhd
- b) From Etika Industries Holdings Sdn Bhd to Polygold Holdings Sdn Bhd

### AUGUST

Change of name of its wholly-owned subsidiary, Etika IT Services Sdn Bhd to Envictus IT Services Sdn Bhd with effect from 14 August 2014.

### SEPTEMBER

Acquisition of a shelf company, namely Glenland Sdn Bhd on 3 September 2014. Its principal activity is investment holding.

## 2014

### OCTOBER

Acquisition of a shelf company, namely Gourmessa Sdn Bhd by Envictus Foods (M) Sdn Bhd on 1 October 2014. Its principal activity is manufacturing and distribution of convenient value-added frozen food.

Change of names of subsidiaries in New Zealand with effect from 23 October 2014 as follows:-

- a) From Etika (NZ) Limited to Envictus NZ Limited
- b) From Etika Dairies NZ Limited to Envictus Dairies NZ Limited

### NOVEMBER

Change of names of subsidiaries as follows:-

- a) From Etika Capital (Labuan) Inc. to Envictus Capital (Labuan) Inc. with effect from 29 October 2014
- b) From Etika Foods International Inc. to Envictus Foods International Inc. with effect from 29 October 2014
- c) From Etika Brands Pte Ltd to Envictus Brands Pte Ltd with effect from 11 November 2014

## 2015

### JANUARY

The Group proposed to undertake an internal group restructuring exercise to streamline its Trading and Frozen Food and Others Divisions.

### APRIL

Polygold Beverages Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement on 17 April 2015 for the proposed acquisition of eight plots of 99-year leasehold land, expiring on 24 February 2097 in Selangor Halal Hub, Pulau Indah with Central Spectrum (M) Sdn Bhd.

## 2015

### JUNE

The Group structure was reorganised as follows:-

- a) Envictus Foods (M) Sdn Bhd ("EFMSB") has transferred 100% of its equity interest in Family Bakery Sdn Bhd to De-luxe Food Services Sdn Bhd ("DFSSB") on 1 June 2015
- b) EFMSB has transferred 100% of its equity interest in Hot Bun Food Industries Sdn Bhd to Platinum Appreciation Sdn Bhd on 1 June 2015
- c) Pok Brothers Sdn Bhd has transferred 100% of its equity interest in DFSSB to EFMSB on 1 June 2015
- d) The Company transferred 100% of its equity interest in Polygold Beverages Sdn Bhd to Polygold Holdings Sdn Bhd on 18 May 2015
- e) The butchery business of DFSSB was transferred to Gourmessa Sdn Bhd on 8 January 2015
- f) EFMSB has transferred 100% of its equity interest in Daily Fresh Bakery Sdn Bhd to DFSSB on 23 June 2015

### JULY

Eureka Capital Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement on 24 July 2015 for the proposed acquisition of property with a 99-year lease expiring on 26 May 2067 located at 11, Jalan 225, Petaling Jaya, 46200 Selangor from Continental Oasis Sdn Bhd to cater for future office space requirement.

### OCTOBER

Completed the acquisition of leasehold property on 29 October 2015 with the delivery of legal and vacant possession of the property to Eureka Capital Sdn Bhd.

## 2015

### NOVEMBER

On 5 November 2015, the Company completed acquisition of 92,676,600 ordinary shares representing 11.43% of the total issued and paid-up share capital of Yamada Green Resources Limited, a company listed on the Mainboard of SGX-ST. This company is a major grower, manufacturer and supplier of fresh and processed agricultural products in Fujian Province, the People's Republic of China.

PT Sentrafood Indonusa, a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement on 11 November 2015 for the proposed disposal of its land and building to PT AKS Kawarang Timur.

Acquisition of a shelf company, namely Dominade Marketing Sdn Bhd by EFMSB on 17 November 2015. Its principal activity is wholesaling and trading of food products.

Change in number of shares held in Yamada Green Resources Limited ("YGRL") by the Company from 92,676,600 ordinary shares to 18,535,320 ordinary shares on 24 November 2015 following the completion of share consolidation of every five existing shares into one consolidated share. The percentage of the total voting shares held by the Company in YGRL remained unchanged at 11.43%.

On 26 November 2015, the Company proposed a consolidation of every five existing issued ordinary shares in the capital of the Company into one ordinary share in the capital of the Company for compliance with minimum trading price of S\$0.20 as a continuing listing requirement for issuers listed on the Mainboard of SGX-ST.

# MESSAGE FROM THE CHAIRMAN

**Dear Valued Shareholders,**

On behalf of the Board of Directors of Envictus International Holdings Limited, I am pleased to present our 2015 Annual Report incorporating the financial statements of the Group for the financial year ended 30 September 2015 (“FY2015”).

FY2015 has been a year of consolidation for greater business focus and operational efficiencies, after we successfully divested our Dairies and Packaging businesses the year before.

The Group is on a firm footing as we deepen our market standing as an established F&B group that is committed to delivering quality products to our loyal consumers.



**DATO' JAYA J B TAN**  
Non-Executive Chairman

## REVIEW ON FINANCIAL RESULTS

The Group achieved a 6.7% growth in revenue to RM327.4 million in FY2015 as compared to RM306.8 million recorded in the previous financial year ended 30 September 2014. The Group's revenue increase of RM20.6 million was largely contributed by the Food Services Division as a result of its aggressive launch of eight additional Texas Chicken outlets during the year under review.

The Group enjoyed good market acceptance for Texas Chicken due to its products' quality, value and brand. With these attributes and the revenue brought in by the additional outlets opened during the financial year, revenue for the Food Services Division rose by RM24.0 million to RM44.4 million in FY2015 over the previous year.

The Trading and Frozen Food Division recorded a marginal increase of RM2.5 million to RM169.3 million, notwithstanding some impact following the implementation of the GST in Malaysia and the depreciation of the Ringgit against the US Dollar. The Food Processing Division's performance also improved, recording a RM5.8 million increase in revenue to RM74.7 million, driven mainly by the beverages, contract packing and butchery businesses. However, the Nutrition Division experienced a RM7.3 million reduction in topline to RM38.7 million due to unattractive trading terms, keen competition and a slowdown in the Australia market.

## MESSAGE FROM THE CHAIRMAN

The Group achieved a 6.7% growth in revenue to RM327.4 million in FY2015 as compared to RM306.8 million recorded in the previous financial year ended 30 September 2014.

The Group recorded profit before income tax of RM3.7 million. However, the bottomline was affected by an income tax expense of RM7.2 million largely contributed by a RM3.2 million reversal of deferred tax assets and the balance being corporate tax paid and payable by the profitable subsidiaries. As a result, an overall loss after tax from continuing operations of RM3.6 million was registered in FY2015.

Balance sheet remained robust, with cash and bank balances of RM96.5 million and shareholders' equity of RM373.5 million as at 30 September 2015.

### CONSOLIDATION OF BUSINESS OPERATIONS

Since the divestment of the Dairies and Packaging businesses, the Group has been actively reshaping its business models and consolidating its resources. One of the initiatives undertaken was the restructuring of the various business divisions into well-defined portfolio. One such example is the separation between the bakery sub-division and the butchery sub-division where we provided dedicated resources to manage the respective businesses in a more focused approach. The Group now operates through business divisions comprising the Trading and Frozen Food Division which is our largest revenue contributor, followed by Food Processing, Food Services and the Nutrition divisions respectively.

**RM  
20.6  
MILLION**

INCREASE IN REVENUE WAS  
LARGELY CONTRIBUTED BY THE  
FOOD SERVICES DIVISION

**RM  
3.7  
MILLION**

PROFIT BEFORE TAX

### FUTURE OUTLOOK AND PROSPECTS

The Group made good progress in consolidating the operations and strengthening of its foundation to position itself well for future growth. As an established F&B industry player, the Group is well-poised to navigate through challenges that come its way and stay resilient through a sustainable business model.

In line with the re-organisation plan, the Group acquired eight plots of leasehold land spanning a total of 35.6 acres located in the Selangor Halal Hub Pulau Indah ("SHHP"). SHHP is a designated area set up by the Malaysian government as part of its plan to develop the country into an international Halal Hub. Strategically, this development offers vast benefits and this bodes well with the Group's objective to centralise its operating facilities as most of its food products are Halal certified. Apart from potentially qualifying for special tax incentive, the centralisation would allow the Group to achieve economies of scale and optimisation of costs in areas such as procurement and logistics. Collectively, we are optimistic that this will allow us to capitalise on the growth potential of the increasing global demand for Halal products.



## MESSAGE FROM THE CHAIRMAN

The Group also recently acquired a leasehold office building with a single-storey warehouse located in Petaling Jaya. The property will be used as the head office for the Food Services Division as well as the corporate office of its Malaysian subsidiaries. The available office space will fulfill the immediate requirement of the Food Services Division, the tenancy of which is expiring in December 2015. In addition, it will also allow the Group to cater to the future office space requirement arising from the expanding employee headcount required to support the growing business.

On 5 November 2015, we acquired an 11.43% stake for a total consideration of S\$10.5 million in Yamada Green Resources Limited (“Yamada”), a company involved in manufacturing of agricultural products and listed on the Mainboard of the Singapore Exchange Securities Trading Limited. We envision this strategic investment to broaden our source of income through dividend to be declared by Yamada in the future.

On 11 November 2015, we unlocked the value of our property in Indonesia through a conditional sale and purchase agreement to dispose a piece of land with a factory building for a cash consideration of Rp50.0 billion (approximately RM16.0 million). The transaction will result in an estimated gain of Rp28.7 billion (approximately RM9.2 million). This property, which had been dormant for some time, was previously utilised by our noodles manufacturing operations that ceased operations in 2014. Through this initiative, we can potentially redeploy the net proceeds to our core operations that are value-accretive to shareholders besides eliminating the need to continue maintaining the property.

### PROPOSED SHARE CONSOLIDATION

We are proposing to undertake a share consolidation of every five existing issued shares into one consolidated share (“Proposed Share Consolidation”) to comply with the minimum trading price (MTP) of S\$0.20. This is a continuing listing requirement for issuers listed on the Mainboard of the Singapore Exchange Securities Trading Limited. The Proposed Share Consolidation will be subject to shareholders’ approval at the forthcoming Annual General Meeting.



The Group also recently acquired a leasehold office building with a single-storey warehouse located in Petaling Jaya.

### WORDS OF APPRECIATION

I would like to extend our appreciation to all loyal shareholders, customers, suppliers, business partners for their faith and support for Envictus.

I am also grateful for the wise counsel and contributions extended by our esteemed board members.

At this point, I would also like to thank all management and staff who have worked tirelessly as we restructured our business post-divestment. They have shown resilience in facing challenges that came our way and continue to contribute to the growth of Envictus as an established F&B group.

In closing, having taken steps to strengthen our foundation, we are confident that we are well poised for our future growth. We are optimistic about our growth prospects and are committed to creating shareholder value and rewarding our loyal investors for years to come.

### DATO' JAYA J B TAN

Chairman

# FOOD SERVICES DIVISION





# REVIEW OF OPERATIONS

Financial year ended 30 September 2015 was a year of consolidation and optimisation of the Group's operations following a successful divestment to unlock shareholders' value in FY2014.

The Group's core business segments are as follows:

- a) **Trading and Frozen Food Division;**
- b) **Food Services Division – Texas Chicken;**
- c) **Nutrition Division;** and
- d) **Food Processing Division comprising:**
  - bakery;
  - butchery;
  - beverages; and
  - contract packing for dairy and juice-based drinks.

Envictus remains focused on optimising existing operations, seeking growth opportunities to strategically invest in and exploring potential areas to further unlock shareholders' value.

## CONSOLIDATED INCOME STATEMENT

The Group recorded revenue of RM327.4 million, an increase of RM20.6 million or 6.7%, compared to the preceding financial year's revenue of RM306.8 million. Excluding revenue of RM4.2 million of the noodles business, which ceased operations in September 2014, the Group's revenue would effectively have increased by RM24.8 million. The overall increase in revenue was contributed mainly by the Food Services Division.

The Trading and Frozen Food Division recorded a slight increase of RM2.5 million, from RM166.8 million to RM169.3 million. The division was impacted mainly by the adverse effects of the implementation of GST in Malaysia and the depreciation of the Ringgit against the US Dollar in the second half of FY2015. The Texas Chicken operations, under the Food Services Division, registered a commendable rise in revenue, from RM20.4 million to RM44.4 million. This represented an increase of RM24.0 million or 117.6% over the previous corresponding financial year. The significant increase was attributed to its aggressive opening of eight additional outlets during the current financial year and the market's acceptance of its products' quality, value and brand. The Nutrition Division continued to be affected by unattractive trading terms and the influx of competitively priced US products. The impact was compounded by a slowdown in the Australia market due to the anaemic growth of the global economy. This led to a reduction in revenue of the Nutrition Division by RM7.3 million, from RM46.0 million to RM38.7 million. The revenue of the Food Processing Division increased by about 8.4% due to better performance of the beverages, contract packing and butchery businesses which registered a collective increase of RM12.2 million. The increase was offset by the poor performance of the bakery business which contributed a lower revenue of RM6.4 million due to poor market sentiment resulting from the effects of Malaysia's implementation of GST in April 2015.

The Group's gross profit margin improved significantly from 19.1% to 27.0% due mainly to the vast improvement in sales. Performance was also boosted by a slight reduction in the food costs of Texas Chicken, the better sales performance of the contract packing business and the exclusion of the loss making noodles business in FY2015. The noodles business ceased operations in September 2014.

## REVIEW OF OPERATIONS



With the surplus funds available from the proceeds (net of dividend paid) through the sale of the dairies and packaging businesses to Asahi in the previous financial year, the Group generated total income of RM6.4 million comprising dividend income, interest income and gain on disposal from held-for-trading investments. This was achieved amidst the global currency volatility and economic slowdown, particularly in China. Together with the foreign exchange gain of RM9.4 million and other gains, these substantially made up other income of RM21.9 million earned for the financial year. In the previous financial year, other operating income of RM38.5 million was largely contributed by a RM34.2 million one-time gain on disposal of relevant intellectual property to Asahi Group Holdings Southeast Asia Pte. Ltd..

Excluding the prior financial year's impairments of plant and equipment and intangible assets amounting to RM44.7 million, operating expenses increased from RM99.3 million to RM104.7 million or 5.4%. The increase is mainly due to higher selling and marketing expenses of RM4.5 million, warehouse and distribution expenses of RM2.5 million, and administrative expenses of RM0.6 million. Other operating expenses comprise primarily of fair value loss arising from held-for-trading investments of RM4.6 million.

The Group's gross profit margin improved significantly from 19.1% to 27.0% due mainly to the vast improvement in sales.

**RM  
24.0**  
million

**FOOD SERVICES DIVISION**  
REGISTERED A COMMENDABLE  
RISE IN REVENUE

**RM  
5.8**  
million

**FOOD PROCESSING  
DIVISION** RECORDED  
A REVENUE GROWTH

**RM  
2.5**  
million

**TRADING AND FROZEN  
FOOD DIVISION** RECORDED  
A REVENUE GROWTH

**RM  
7.3**  
million

**NUTRITION DIVISION**  
REDUCTION IN REVENUE



Excluding the costs incurred by the noodles business which has since ceased, the increase in administrative expenses of RM2.2 million or 8.3%, and selling and marketing expenses of RM5.6 million or 14.7%, were mainly due to additional staff costs, rental of outlets, royalty fees and utility charges incurred for the expansion of the Food Services Division. Warehouse and distribution expenses were up by RM2.5 million or 11.2%, which were mainly attributed to the increase in staff costs, warehouse rental and utility charges incurred for additional warehouses.

Finance costs declined by RM6.5 million or 78.5% primarily due to the settlement of major borrowings in the previous financial year.

The Group incurred tax expense of RM7.2 million in FY2015 largely due to the reversal of deferred tax assets of RM3.2 million by a New Zealand subsidiary as a result of continuing losses and an increase in profit generated by certain subsidiaries for which group relief was not available. Comparatively, the Group incurred higher income tax expense in FY2014 mainly due to additional tax charges arising from the disposal of relevant intellectual property of RM5.2 million as well as a write-off of deferred tax asset of RM6.6 million associated with the cessation of the noodles business operations.

Profit before tax for the current financial year was RM3.7 million as compared to a loss before tax of RM44.7 million (excluding the one-off exceptional gain on the disposal of relevant intellectual property and the provision for impairment), an improvement of RM48.4 million. This was mainly attributable to the Group's improved profit margin, gains from investments and foreign exchange, and a reduction in finance costs.

Overall, the Group recorded a loss after tax of RM3.6 million, an improvement from a loss after tax of RM72.4 million reported in FY2014.



## REVIEW OF OPERATIONS

### STATEMENTS OF FINANCIAL POSITION

Under non-current assets, property, plant and equipment (net of depreciation charges) increased by RM6.3 million. This resulted mainly from set-up costs incurred on new Texas Chicken outlets. Deposits paid for the acquisition of land and building of RM36.4 million also resulted in an increase in non-current assets.

These increases were partially offset by the decrease of deferred tax assets of RM2.7 million mainly due to the reversal of deferred tax assets of a subsidiary. The prepaid lease payment for land and building of RM4.4 million have been reclassified to non-current asset held for sale under current asset due to its disposal subsequent to the financial year end.

Other receivables declined by RM56.7 million principally due to proceeds received from the adjustment amount to sales consideration in relation to the disposal of certain subsidiaries for approximately RM55.7 million. These proceeds, together with part of the bank balances, were utilised to fund the net acquisition of held-for-trading investments of RM99.4 million. Trade receivables increased by RM11.0 million due to slower collection from customers. These resulted in an overall increase of current assets by RM2.2 million.

The Group's current liabilities increased by RM10.5 million mainly due to the additional drawdown of trade line facilities of RM36.6 million which were used to settle trade payables. Settlement of income tax liabilities of RM8.4 million and provision of tax of RM4.1 million resulted in a net decrease in income tax payable of RM4.3 million.

The Group's non-current liabilities increased by RM8.8 million due to additional financing for the expansion of its Food Services Division and the acquisition of a corporate building.

### CASH FLOW POSITION

The Group registered a net decrease in cash and cash equivalents of RM63.5 million for the current financial year ended 30 September 2015.

Settlement of creditors of RM12.3 million, income tax paid of RM8.4 million and funding of receivables of RM10.1 million, which were partially offset against operating cash flow of RM13.0 million resulted in net cash used in operating activities of RM16.4 million.



Increase in set-up costs on new Texas Chicken Outlets.

**RM 36.3**  
million  
INCREASE IN  
NON-CURRENT ASSETS

Deposits paid for the acquisition of land and building.

For investing activities, the Group utilised RM306.5 million for the purchase of held-for-trading investments as well as property, plant and equipment, intangible assets and deposits paid for the acquisition of land and building.

Cash amounting to RM166.3 million were received from the sale of held-for-trading investments and property, plant and equipment, as well as interest and dividends received. The Group also collected RM57.4 million from the adjustment amount of the sale consideration in relation to the disposal of certain subsidiaries in the previous financial year. These resulted in net cash utilised of RM82.8 million for investing activities.

Net cash generated from financing activities of RM35.6 million arose from the drawdown of bank borrowings of RM54.6 million, which were partially offset by the repayment of borrowings and finance lease facilities and interest of RM18.7 million.

### SEGMENTAL REVIEW BY BUSINESS DIVISIONS

The Group's businesses comprise of the Trading and Frozen Food, Food Services, Nutrition and Food Processing Divisions. The Trading and Frozen Food Division is the core business of the Group, contributing 51.7% of total revenue. This was followed by the Food Processing, Food Services and Nutrition Divisions which contributed 22.8%, 13.6% and 11.9% to total revenue respectively. Overall, the Group recorded a profit before tax of RM3.7 million.

## REVIEW OF OPERATIONS

### TRADING AND FROZEN FOOD DIVISION

The Trading and Frozen Food Division registered a marginal growth of 1.5% from RM166.8 million to RM169.3 million. The growth was mainly impacted by the adverse effects of the GST implementation in Malaysia and the weakening of the Ringgit against the US Dollar. As a result, the division posted profit before tax of RM1.1 million as compared to RM7.4 million in the previous financial year.

Segmental assets increased by 16.2% from RM99.6 million to RM115.7 million principally due to the increase in trade receivables turnover days. Segmental liabilities increased from RM21.4 million to RM44.6 million primarily due to the utilisation of new trade facilities which were obtained at the beginning of the financial year.

### FOOD SERVICES DIVISION

The Food Services Division comprises the chain of Texas Chicken outlets that the Group currently operates in Klang Valley, Malaysia. The division posted a commendable increase in revenue, from RM20.4 million to RM44.4 million, mainly attributable to the opening of eight new outlets during the financial year. The division also achieved better sales performance as a result of market acceptance of its products' quality, value and brand. Loss before tax for the 2015 financial year reduced to RM3.3 million as compared to RM6.5 million in the previous financial year.

The increase in property, plant and equipment following the opening of the division's new outlets during the financial year contributed mainly to the increase in segmental assets, from RM22.4 million to RM34.7 million.

Segmental liabilities increased from RM9.8 million to RM17.0 million, principally due to the utilisation of hire purchase facilities to finance the acquisition of assets, and an increase in accrued royalty charges.

### NUTRITION DIVISION

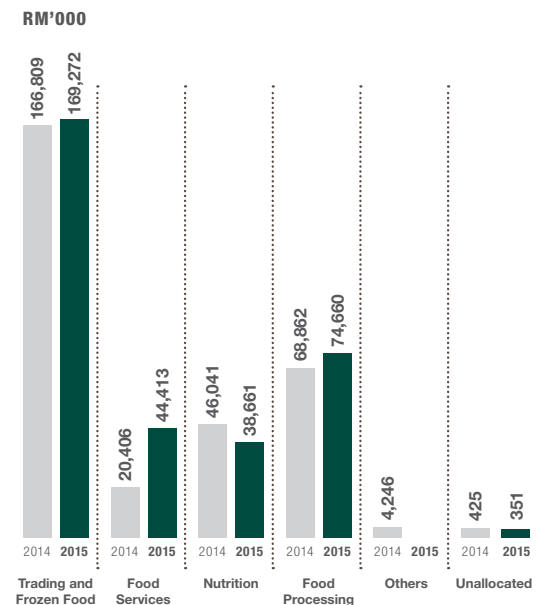
The Nutrition Division saw a 15.9% decrease in revenue, from RM46.0 million in FY2014 to RM38.7 million in FY2015. The division continued to be affected by unattractive trading terms and the influx of competitively priced US products. The performance was also affected by a slowdown in the Australia market brought on by an anaemic global economy. The division recorded profit before tax of RM1.1 million as compared to a loss before tax of RM0.3 million (after excluding the impairment for goodwill of RM7.3 million) in the previous financial year.



The Trading and Frozen Food Division is the core business of the Group, contributing 51.7% of total revenue.

### REVENUE BY BUSINESS SEGMENTS

FY2014/2015 (CONTINUING OPERATIONS)



	FY2014 RM'000	FY2015 RM'000
Trading and Frozen Food	166,809	169,272
Food Services	20,406	44,413
Nutrition	46,041	38,661
Food Processing	68,862	74,660
Others	4,246	-
Unallocated	425	351
<b>Total</b>	<b>306,789</b>	<b>327,357</b>

## REVIEW OF OPERATIONS

Segmental assets fell by 3.2%, from RM22.2 million to RM21.5 million. This was principally attributable to the decrease in inventories due to the lower stock holding for packaging materials and the reduction in trade receivables in Australia which was in line with the drop in Australia route sales. The decrease in packaging trade payables was the key contributor to the reduction in segmental liabilities from RM3.5 million to RM2.9 million.

### FOOD PROCESSING DIVISION

The Group's Food Processing Division comprises the bakery, butchery, beverages and contract packing businesses.

The Food Processing Division's revenue increased by 8.4%, from RM68.9 million to RM74.7 million, due to better performance of the beverages, contract packing and butchery businesses. Collectively, the businesses registered an increase of RM12.2 million in revenue. However, it was affected by the poor performance of the bakery business which contributed a lower revenue of RM6.4 million to the division's revenue. This was due to the poor market sentiment brought on by the effects of Malaysia's GST implementation in April 2015. Overall, the division incurred a loss before tax of RM9.6 million as compared to RM10.4 million (after excluding a collective RM41.8 million in impairments of property, plant and equipment, and intangible assets; and the elimination of intercompany sales to a previously related company) in the previous financial year.

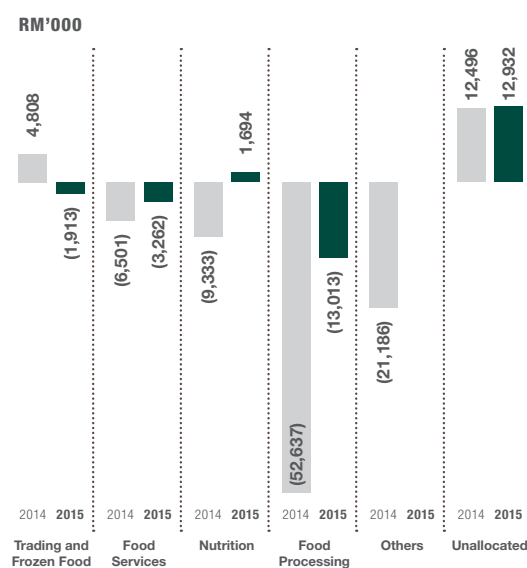
Segmental assets rose by 11.9%, from RM75.0 million to RM83.9 million, largely due to the deposit payment of RM11.6 million for the acquisition of the land in Pulau Indah. On the other hand, segmental liabilities were reduced by 6.4%, from RM23.5 million to RM22.0 million, mainly due to the repayment of borrowings.

Food Processing Division's revenue increased by RM5.8 million due to better performance of the beverages, contract packing and butchery businesses.



### PROFIT/(LOSS) AFTER TAX BY OPERATING BUSINESS SEGMENTS

FY2014/2015 (CONTINUING OPERATIONS)



	FY2014 RM'000	FY2015 RM'000
Trading and Frozen Food	4,808	(1,913)
Food Services	(6,501)	(3,262)
Nutrition	(9,333)	1,694
Food Processing	(52,637)	(13,013)
Others	(21,186)	-
Unallocated	12,496	12,932
<b>Total</b>	<b>(72,353)</b>	<b>(3,562)</b>



## REVIEW OF OPERATIONS

### PERFORMANCE REVIEW BY GEOGRAPHICAL SEGMENTS

The Group recorded an overall increase in revenue of RM20.6 million. Malaysia remained the Group's core market, contributing RM271.4 million or 82.9% of total revenue. This was followed by New Zealand which contributed RM27.5 million or 8.4% of the topline and Australia accounting for RM17.7 million or 5.4% of revenue. Others (China, Hong Kong, Dubai & Papua New Guinea) contributed RM9.8 million or 3.0% of revenue while the rest was from ASEAN (excluding Malaysia).

#### MALAYSIA

Malaysia continued to be the Group's key growth market, contributing 82.9% of the overall revenue. Revenue rose from RM240.3 million in FY2014 to RM271.4 million in FY2015, representing an increase of 12.9%, largely due to higher sales volume generated by Food Services Division, which opened eight additional outlets during the financial year and the Food Processing Division comprising of butchery, beverages and contract packing businesses.

#### AUSTRALIA AND NEW ZEALAND

Revenue declined by 8.3%, from RM49.3 million to RM45.2 million, mainly attributable to the lower sales performance of the Nutrition Division. This was due to the unattractive trading terms, the influx of competitively priced US products and a slowdown in the Australia market.

#### ASEAN (Excluding Malaysia)

The ASEAN market, which refers primarily to Singapore and Thailand, saw a reduction in revenue by 82.5%, from RM5.7 million to RM1.0 million as the previous financial year's ASEAN market referred primarily to Indonesia which had ceased its operations since then.

#### OTHERS

Revenue for the Others market, which refers principally to China, declined by 14.8%, from RM11.5 million to RM9.8 million, due to its market competition and the economy slowdown.

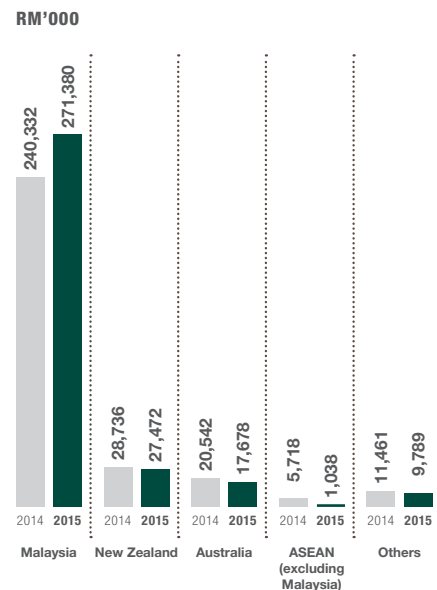


Malaysia continued to be the Group's key growth market, contributing 82.9% of the overall revenue.

**RM 31.1**  
million  
MALAYSIA  
INCREASE IN REVENUE

### REVENUE BY GEOGRAPHICAL SEGMENTS

FY2014/2015 (CONTINUING OPERATIONS)



	FY2014 RM'000	FY2015 RM'000
Malaysia	240,332	271,380
New Zealand	28,736	27,472
Australia	20,542	17,678
ASEAN (excluding Malaysia)	5,718	1,038
Others	11,461	9,789
<b>Total</b>	<b>306,789</b>	<b>327,357</b>

## REVIEW OF OPERATIONS

### PROSPECTS AND GROWTH PLANS

#### Trading and Frozen Food Division

The Malaysian Ringgit continued to depreciate against the major currencies of its trading partners particularly the US dollar, Euro and Sterling Pound in the last quarter of the financial year. This led to higher cost of imported food, resulting in margin pressures. The increased cost has yet to be passed on to customers in its entirety due to the slowing real economy arising from the impact of the GST implementation in Malaysia and the competitive trading environment.

The prices of imported beef from Australia and New Zealand continue to increase due to high cattle prices and demand. In order to mitigate the high prices, Pok Brothers has been sourcing more beef supplies from Brazil as they are comparatively cheaper. As for lamb shoulder, the price has softened about 9% due to a reduction in demand from China. For other products, agency principals have agreed to provide support in the form of higher promotion funding, discounts and capping of prices until June 2016.

#### Food Services Division

The weakening of the Malaysian Ringgit against the US Dollar has resulted in a slight increase in costs of imported food such as fries and tortilla. The price of fries had been contracted at a much lower exchange rate but the agreements will expire in December 2015. The Texas Chicken operations is looking at purchasing locally produced tortilla. To mitigate this impact, bone-in-chicken price is expected to be reduced due to rebates from higher volume of purchases. Overall, the division is likely to be able to negotiate for better prices of most food, given its better bargaining position as the number of its Texas Chicken outlets continue growing. The division is also constantly sourcing for new suppliers to complement its growing business and to ensure the best possible prices are obtained.

Consumer sentiment has been lower following the implementation of GST in Malaysia, which has triggered an increase in prices of goods and services. The retail market has been slower, with consumers tightening on their spending. Despite these factors, Texas Chicken continues to enjoy healthy sales due to market acceptance of its brand, products' quality and value.



# 22

**TOTAL NUMBER OF TEXAS CHICKEN OUTLETS**  
(AS AT 8 DECEMBER 2015)

# 8

**TEXAS CHICKEN OUTLETS**  
OPENED IN FY2015

The Texas Chicken brand has started to gain strength in Klang Valley, Malaysia. Consumers are increasingly aware of the brand presence in strategic locations and landlords have shown greater willingness in offering visible sites for the Texas Chicken outlets. In FY2015, a total of eight outlets were opened and the Group is expected to launch four more in Klang Valley, Malaysia, at the end of the first quarter of the next financial year. For the rest of the financial year, management expects to open several more outlets, with plans to have some of them located outside Klang Valley, Malaysia.

#### Nutrition Division

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

International prices for milk powder have recovered significantly in recent months following a period when they fell to their lowest levels for several years. Prices for specialised whey proteins purchased for the manufacture of Horleys products do not always follow the price trends of whole and skim milk directly. The outlook for these specialised whey proteins remain occluded. The company has substantially reduced the high levels of finished goods inventory associated with the recent change of contract manufacturers and is now in a position to actively invite tenders for their raw materials and packaging requirements for the coming period. As the new Melbourne-based contract manufacturer for the division's dairy-based protein products is very experienced at international sourcing, this is expected to deliver cost savings to the division over time.



Sales of nutritional supplements in Australasia appear to have softened, in line with the slower global economy. It was especially acute in the Australia market which is a key market for Horleys products. The division markets its range of sports nutrition and weight management products under the Horleys brand. The brand had been losing market share for a period but has stabilised its position over the last two quarters, with its market share of key New Zealand accounts ranging from 32% to 35%. This stabilisation is primarily due to an increase in promotional activity to counteract initiatives taken by a key competitor Vitaco as well as the recent launch of a nutritional bars product range which has enabled Horleys to claw back market share. Despite the increased promotional activity, the lower cost of the product range of new bars meant that there has been little impact to gross margins in this key channel for Horleys.

Negotiations are currently underway with contract manufacturers for Horleys bars in an effort to reduce costs as well as to increase the product's sales and margins.

The loss of market share in Australia has continued, owing to a combination of factors. These include the arrival of US brands that are priced at increasingly competitive levels as well as a significant increase in discounting by Australia brands competing to retain their market share. The recent strengthening of the US Dollar by a significant level has provided some prospect that the US brands will increase prices and/or reduce discounts, the frequency and the quantum of promotional deals. The division has observed some of these occurrences thus far.

The division has historically placed substantial weight on innovation to stimulate new demand and to keep the Horleys brand at the forefront. Regrettably, the need to stay competitive during this difficult period has meant that some funds which would be used in the re-launch of product ranges, i.e. creative, label design and origination, has been diverted towards additional value-added promotional deals resulting in bolstered trade margins in order to retain trade interest in the Horleys brand. This has been especially important in the Australia health food and supplement store channel. The recently adopted strategy appears to have begun arresting the slide in Horleys' market share.

### Food Processing Division

#### (i) Bakery

Wheat, which forms a material portion of raw material costs, has been on a continuous downtrend due to weak global demand, especially from China. However, the advantage of lower wheat costs has been negated by the weakening of the Malaysian Ringgit against the US Dollar. Suppliers of sugar, yeast and other ingredients have indicated the potential for price increases due to the rising costs resulting from the weakening of Ringgit. In addition, the Malaysian government has placed a price floor on industrial diesel, thus, preventing the price from falling further when sold to the industrial users.

Consumer spending remained weak in Malaysia, following the implementation of the GST, coupled with an increase in toll charges and an economic slowdown.

To counteract the intense competition within the bakery sector, management is embarking on some branding activities such as a logo revamp, new packaging and engagement of customers on social media. A new research and development laboratory will be built to produce new products and to improve existing products. To control costs, measures have been undertaken to improve process efficiencies.

#### (ii) Butchery

As the cost of imported meat has been impacted by the weakening Ringgit, the margin of the Gourmessa brand of products were similarly affected. This is due to the constraints in passing cost increases entirely to retail outlets. However, revenue has been boosted from the increased sales to certain existing and new customers.

The operations of Gourmessa are currently affected by the limited capacity of its present facilities. The Group recently purchased several pieces of land in the Selangor Halal Hub Pulau Indah ("SHHP") and intends to relocate the butchery's existing facilities to SHHP, where larger production facilities will be built to cater to higher demand for the division's products. Other than the benefit of larger production facilities, the Gourmessa brand will be enhanced due to its location in a Halal Park and may be potentially eligible for special tax incentives available to companies located in SHHP.



### (iii) Beverages

The local sales of the beverage business in the current financial year were impacted by a change in distribution channel resulting from the sale of the Group's Dairies Division in the previous financial year. In addition, export sales were also affected by the slower growth in China.

Export sales is anticipated to be slow in the first quarter of the next financial year as China enters the winter season, during which demand for canned drinks is typically at the lowest. Unless China recovers from its declining growth, export demand could be affected even after the winter season.

In the local market, the current price competition within the sector is intense. To remain competitive and maintain volume levels, discounts; incentives; and other promotional activities were provided to retailers. In addition, new products will be launched in the first quarter of the next financial year.

In the next three to six months, prices of raw materials, i.e. sugar, soya bean and other packaging materials, is expected to be on an upward trend due to the weakening of the Malaysian Ringgit.

However, the prices of empty tin cans are not anticipated to be affected as the current contracted price has another year before it expires. Subsequently any increase in raw material prices is likely to impact manufacturers in the industry.

### (iv) Contract Packing for Dairy and Juice-Based Drinks

Farm milk forms a significant component of the division's costs. International prices for milk powder have come off from its peak prices at around the end of 2013, providing some pricing relief in recent quarters.

The overall demand for milk products globally remains muted, reflecting the current world economic outlook. Farmgate prices have fallen from NZD8.65/kg for milk solids, to NZD4.70/kg in the quarter from December 2015 to February 2016. In addition, the New Zealand Dollar weakened from a high of USD0.88 in 2014 to USD0.67 currently. The weakening of these two key price drivers has made New Zealand dairy products more attractive to overseas buyers, particularly those in China.

The local sales of the beverage business in the current financial year were impacted by a change in distribution channel resulting from the sale of the Group's Dairies Division in the previous financial year.

The Group began the construction of a new data centre in November 2015 and was completed in mid-December 2015.

Demand for PET aseptic products continues to grow in Australia, New Zealand and the global market. The Group believes that there are currently no major PET aseptic manufacturers with significant capacity in the region to compete with the division.

The division's unique advantage lies within its capabilities in dairy and non-dairy aseptic co-packing in PET bottles, and direct access to fresh farm milk in New Zealand. These factors, coupled with co-pack price increases and the resolution of sterility issues that have impacted the business, are contributing to improved margins for new and existing customers. The Group continues to enjoy strong demand for value-added aseptic PET bottled products. The division focused on new product offerings to meet the increase in consumer demand for aseptically bottled beverages. The current product focus is on grain and nut based dairy-free alternative milk beverages with flavours such as coconut, almond, soy, rice, macadamia. Dairy-free drinking yoghurt is also under development while the division is considering goat milk as another new product.

## RESOURCES REQUIREMENT

### Computerisation

Given the increasing reliance on Information Technology ("IT") to drive efficiencies, Envictus has invested in its IT infrastructure. The Group began the construction of a new data centre in November 2015 and was completed in mid-December 2015. The new state-of-the-art data centre will be equipped with a sophisticated monitoring system that detects heat, smoke, water and power outages. Other than real-time alerts that will be sent to the IT Team, the data centre will also be equipped with power generators to ensure the continuity and operations of the data centre without interruption.

A new firewall will provide security and better controls over the network while providing faster response for hosting services in the data centre.

The data centre will refresh its aging servers with new and better performing ones, providing better redundancy for higher server uptime. The servers will also be enhanced for better scalability and performance, with the exercise being expected to start from the second quarter of the next financial year after the completion of the new data centre.

### Human Resource

The Group's total staff count was approximately 1,200 as at 30 September 2015.



# FINANCIAL HIGHLIGHTS

	FY2011	FY2012	FY2013	FY2014	FY2015
<b>KEY FINANCIAL INFORMATION</b>					
Revenue (RM'000)					
- Continuing <sup>@</sup>	264,819	269,296	296,895	306,789	<b>327,357</b>
- Discontinued <sup>@</sup>	614,784	715,504	684,882	540,891	-
<b>Total</b>	<b>879,603</b>	<b>984,800</b>	<b>981,777</b>	<b>847,680</b>	<b>327,357</b>
(Loss)/Profit after tax (RM'000)					
- Continuing <sup>@</sup>	(5,069)	(21,454)	(47,388)	(72,353)*	<b>(3,562)</b>
- Discontinued <sup>@</sup>	33,654	42,050	52,488	610,021 **	-
<b>Total</b>	<b>28,585</b>	<b>20,596</b>	<b>5,100</b>	<b>537,668</b>	<b>(3,562)</b>
Shareholders' equity (RM'000)	218,408	227,870	273,026	346,766	<b>373,533</b>
Total equity (RM'000)	222,718	230,866	273,592	343,826	<b>367,394</b>
Weighted average number of shares	533,371,528	533,941,681	591,128,912	622,627,188	<b>630,716,528</b>
<b>KEY FINANCIAL RATIO</b>					
Earnings/(Loss) per share (RM sen)	5.4	4.1	1.3	87.2	<b>(0.1)</b>
Return on equity (%)	25.4	24.7	18.3	188.2	<b>1.5</b>
Dividend per share (RM sen)	3.9	2.0	1.5	78.9	<b>0.0</b>
Net asset value per share (RM sen)	41.8	43.1	44.5	55.2	<b>58.3</b>

\* Includes the one time gain from disposal of relevant intellectual property and impairments of plant and equipment and intangible assets of RM34,248,000 and RM44,673,000 respectively.

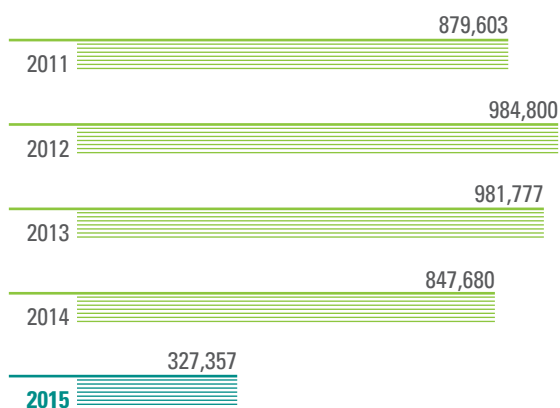
\*\* Includes a one time gain from disposal of subsidiaries of RM573,276,000.

@ For FY2011 to FY2013, the revenue and (loss)/profit after tax have been disaggregated for comparative purposes due to discontinued operations in FY2014.

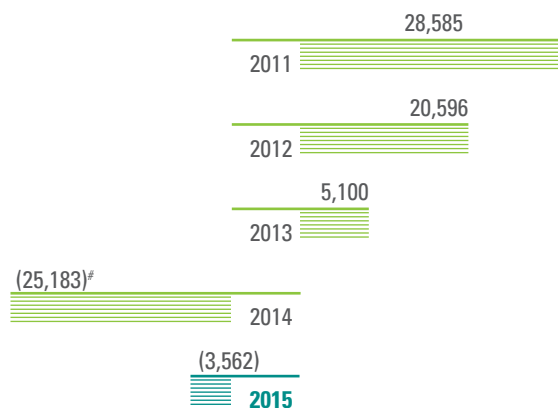


# FINANCIAL HIGHLIGHTS

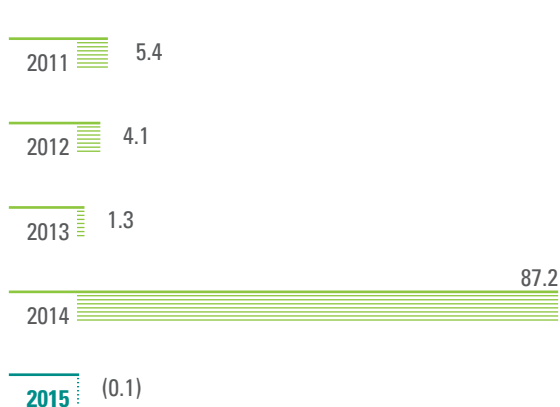
## REVENUE (RM'000)



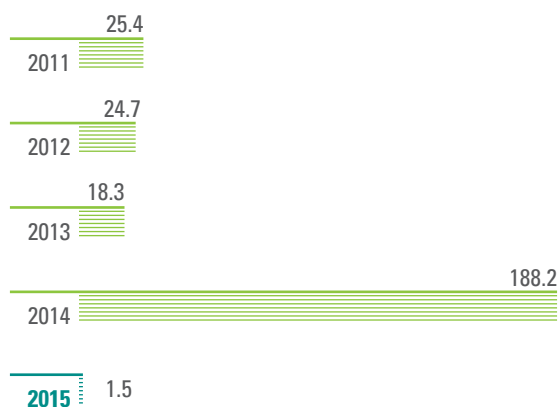
## (LOSS)/PROFIT AFTER TAX (RM'000)



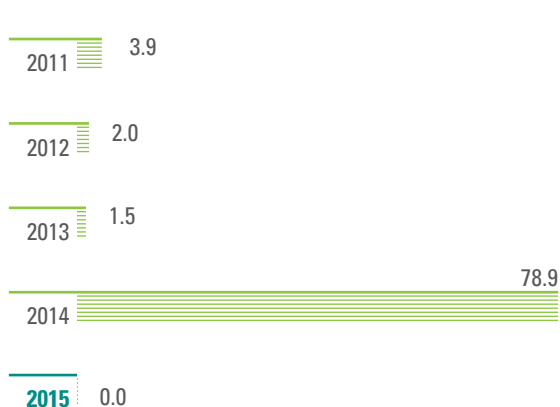
## EARNINGS/(LOSS) PER SHARE (EPS) (RM sen)



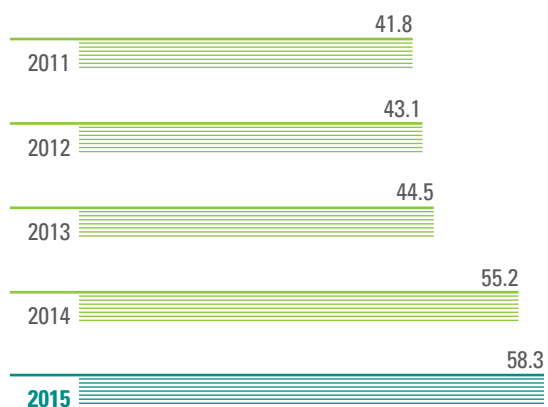
## RETURN ON EQUITY (%)



## DIVIDEND PER SHARE (RM sen)



## NET ASSETS VALUE PER SHARE (RM sen)



<sup>#</sup> Excludes the one time gain from disposal of subsidiaries, relevant intellectual property and impairments of plant and equipment and intangible assets of RM573,276,000, RM34,248,000 and RM44,673,000 respectively.

# RISK FACTORS

The following is an overview of Envictus' risk factors, with brief description of the nature and extent of the Group's exposure to these risks. We strive to provide reasonable assurance to our stakeholders by incorporating sound management control into our daily operations, ensuring compliances with legal requirements, and safeguarding the integrity of the Group's financial reporting as well as related disclosures.

## ECONOMIC RISKS

Changes in the economic conditions within and outside of Malaysia where the Group's main operations are based may have material adverse impact on the demand for the Group's products, consequently affecting the operations and financial performance of the Group. While the Group operates in a fairly defensive F&B industry, the Group is not completely shielded from the impact of world economic crisis.

## BUSINESS RISKS

*Any significant increase in the prices of our raw materials would have an adverse impact on our profitability*

The raw materials we utilise for the manufacture of our products within our subsidiaries comprise substantially of whey protein concentrate, milk powder, liquid fresh milk, margarine, yeast, salt, sugar, vitamins, raw meat, flour, palm olein and packaging material (such as paper and plastic packaging, cans, labels and cartons). In order to ensure that we are able to efficiently deliver quality products to our customers at competitive prices, we need to obtain sufficient quantities of good quality raw materials at acceptable prices and in a timely manner. As such, we typically enter into forward supply contracts. In the event that our suppliers are unable to fulfill our raw material needs, we may not be able to seek alternative sources of supply in a timely manner or may be subject to higher costs from alternative suppliers. This may adversely affect our ability to meet our customers' orders and our profitability in the event that we are unable to pass on such costs to our customers.

*Our failure to meet adequate health and hygiene standards will lead to a loss in customer confidence*

Our products are manufactured under very stringent quality control processes and the Group stresses quality and hygiene as a top priority. If there is any incidence of contamination or food poisoning in any of our subsidiaries, our Group may face criminal prosecution under the Food Act 1983 (including its sub regulation Food Hygiene Regulations 2009) in Malaysia, Animal Products Act 1999 New Zealand, Food Act 1981 New Zealand or other relevant regulations in jurisdictions to which our products are exported to, a loss in customer confidence and a negative impact on our reputation. Accordingly, our prospects as well as our financial condition will be adversely affected.

It is also possible that the relevant authorities may impose directives as a result of health and hygiene issues to carry out certain remedial actions which may impact on our operations. Failure to comply with such directives may result in our licenses being suspended and/or revoked, which will have a material adverse impact on our financial performance.

To mitigate this risk, our operations are International Organization for Standardization (ISO) and Hazard Analysis and Critical Control Point (HACCP) accredited by international certification bodies and we also subscribe to Good Manufacturing Practice (GMP). We have also met the Malaysian Standard on Halal Food MS 1500 : 2009 and therefore issued with the Halal certification from JAKIM ( Department of Islamic Development Malaysia).

*We may be subject to product liability claims if our products are found to be unfit for consumption*

If our products are found to be unfit for consumption and consumers suffer damage, injury or death as a result of consuming or coming into contact with our products, we may be required to compensate the consumer for any injury or death. The Group's profitability would be adversely affected if the amount payable under the insurance policies covering the Group is not sufficient to meet the compensation amount payable. Accordingly, our reputation, prospects, and financial condition will also be adversely affected.

## RISK FACTORS

### *Possible changes in consumer taste may lead to lower demand and sales of our products*

Being in the F&B industry, the nature of our business is highly dependent on consumer preferences. We strive to achieve the highest quality in the products we offer. However, the level of market acceptance of our products ultimately relies on consumer taste and lifestyle. The younger affluent generation now has higher purchasing power and is willing to pay a premium for products which cater to their individual desires. Also, the current consumer trend towards healthier lifestyle and organic products may pose threats to our Group's business if we are not flexible enough to adapt and cater to the trend.

### *An outbreak of disease in livestock, such as cows, goats and chickens, and food scares may lead to loss of consumer confidence in our products*

Any outbreak of disease in livestock and food scares may have an adverse impact on the business of our Group as it may lead to loss in consumer confidence and reduction in consumption of the particular food or related products concerned. It may also affect our Group's sources of supply of raw materials, such as milk powder or raw meat, from that particular area, resulting in our Group having to source for alternative supplies which may be more costly or have negative impact on our production processes and output.

### *We depend on key management personnel and the loss of such personnel may adversely affect our Group's operations*

The Group's success to date has been due largely to the contributions of its management teams and employees. As such, the Group's continued success is dependent on its ability to retain the services of such personnel. There is no certainty that the Group will be able to retain or integrate new personnel into the Group or identify or employ qualified personnel. Accordingly, the loss of the services of these key personnel or the inability to attract additional qualified persons may negatively affect the Group's business, financial condition, results of operations and future development.

## **REGIONAL EXPANSION RISKS**

The Group now has its operation base in Malaysia and New Zealand. However, we are still constantly seeking new business opportunities overseas. Thus, the Group will focus equally on international expansion for future growth. However, there are considerable risks associated with this regional expansion strategy.

### *Ability to extract synergies and integrate new investment*

In acquisition, the Group faces challenges arising from being able to integrate newly acquired businesses with our own existing operations, managing businesses in new markets where we have limited experience. There is no assurance that synergies can be created from the new acquisitions and that the returns generated from the new ventures will meet the management's expectations.

### *Ability to make further acquisitions*

Although we are constantly looking for new opportunities that could contribute to our future growth, there is no assurance that there will be sound acquisition opportunities available as there are constraint factors such as competition from other investors, government policies, political considerations, and last but not least, sincere sellers with sound business deals.

## **FINANCIAL RISKS**

### *Credit risks*

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. While the Group faces the normal business risk associated with ageing collections, it has adopted a prudent accounting policy of making specific provisions once trade debts are deemed not collectible. Nonetheless, a delay or default in payment and/or significant increase in the incidence of bad trade receivables would have a material and adverse impact on our financial position and performance.



## RISK FACTORS

### *Foreign currency risks*

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the entity's functional currency. The currencies giving rise to this risk are primarily Ringgit Malaysia, United States Dollar, New Zealand Dollar, Australian Dollar and Hong Kong Dollar. Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level and hedging through currency forward exchange contracts is done where appropriate.

### *Interest rate risks*

The Group's exposure to changes in interest rates relates primarily to bank borrowings with financial institutions. The Group strives to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings. The objective for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if the interest rates fall. In the event of any substantial increase in interest rates, cash borrowings obligations may be extended and our financial performance may be affected.

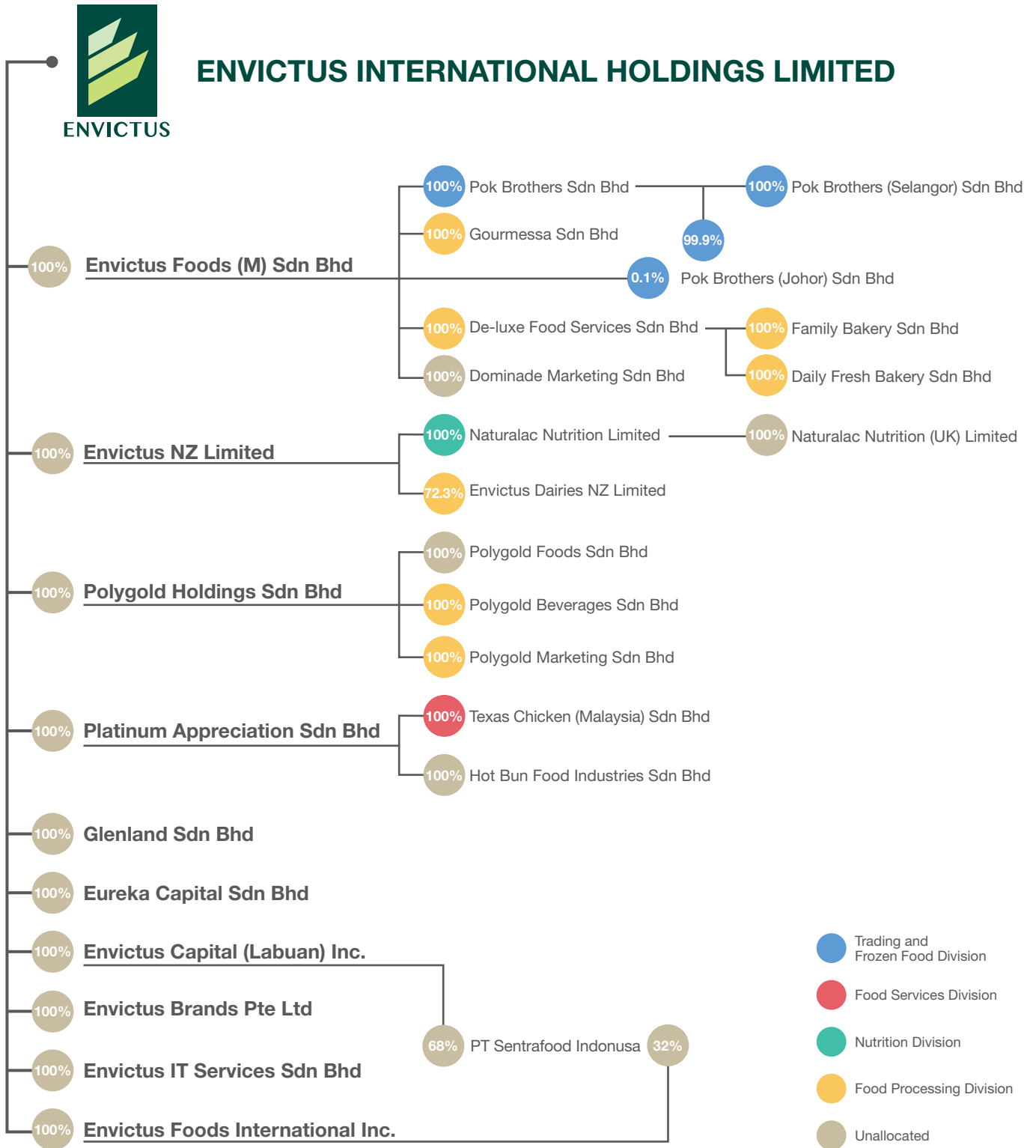
### *Liquidity risks*

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of our overall prudent liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet its working capital requirements. Short-term funding is obtained from overdraft and trade facilities from banks and finance leases from financial institutions. As such, we are subject to risks normally associated with debt financing, including the risk that our cash flows will be insufficient to meet required payment of principals and interest. In addition, while in the past our cash flows from our operations and financing activities had been sufficient to meet our payments obligations for borrowings and interest, there is however no assurance that we are able to do so in the future. In such event, we may be required to raise additional capital, debt or other forms of financing for our working capital. If any of the aforesaid events occur and we are unable for any reason to raise additional funds to meet our working capital requirements, our business, financial performance and position will be adversely affected.

### *Equity price risks*

The Group is exposed to equity price risks arising from equity investments classified as either available-for-sale financial assets or held-for-trading financial assets. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale equity investments.

# GROUP STRUCTURE



# CORPORATE INFORMATION



## BOARD OF DIRECTORS

### **Dato' Jaya J B Tan**

Non-Executive Chairman

### **Datuk Goi Seng Hui**

Non-Executive Vice-Chairman

### **Dato' Kamal Y P Tan**

Group Chief Executive Officer

### **Mah Weng Choong**

Non-Executive Director

### **John Lyn Hian Woon**

Independent Director

### **Teo Chee Seng**

Independent Director

## COMPANY SECRETARIES

S Surenthiraraj @ S Suresh  
Kok Mor Keat, ACIS

## REGISTERED OFFICE

SGX Centre II, #17-01  
4 Shenton Way  
Singapore 068807  
Telephone : (65) 6361 9883  
Facsimile : (65) 6538 0877

## SHARE REGISTRAR

**Boardroom Corporate &  
Advisory Services Pte Ltd**  
50 Raffles Place  
Singapore Land Tower, #32-01  
Singapore 048623

## INDEPENDENT AUDITOR

**BDO LLP**  
**Public Accountants and  
Chartered Accountants**  
21 Merchant Road #05-01  
Singapore 058267

Partner-in-charge: Ng Kian Hui  
(Appointed since the financial year  
ended 30 September 2012)

## PRINCIPAL BANKERS

Malayan Banking Berhad  
Maybank Islamic Berhad  
HSBC Amanah Malaysia Berhad  
OCBC Al-Amin Bank Berhad  
National Australia Bank Limited

## SOLICITORS

Morgan Lewis Stamford LLC  
Shearn Delamore & Co  
Hutabarat Halim & Rekan



# BOARD OF DIRECTORS



## DATO' JAYA J B TAN

*Non-Executive Chairman  
Member of Audit Committee  
Member of Remuneration Committee  
Member of Nominating Committee*

Dato' Jaya J B Tan is the Non-Executive Chairman of the Company and was appointed to the Board since 23 December 2003. He graduated from the University of Arizona and is a Mechanical Engineer by training. He has extensive experience in forestry, property development, food retail operations, trading and financial services. Previously, he has served as Chairman of several companies quoted on the stock exchanges of Malaysia, United Kingdom, Singapore, Australia and India.

Currently, Dato' Jaya is the Executive Chairman of Lasseters International Holdings Limited, a company listed on the Singapore Stock Exchange ("SGX"). He is also the Chairman of Cypress Lakes Group Limited, a public company in Australia and the Vice Chairman of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Dato' Jaya was last re-elected as Director at the Annual General Meeting ("AGM") held in January 2014. He will retire at the forthcoming AGM and will offer himself for re-election.

Dato' Jaya is the brother of Dato' Kamal Y P Tan.



## DATUK GOI SENG HUI

*Non-Executive Vice-Chairman*

Datuk Goi Seng Hui joined the Board of Envictus International Holdings Limited as Vice-Chairman and Non-Executive Director on 9 January 2013.

He is the Executive Chairman of Tee Yih Jia Group and SGX Mainboard-listed GSH Corporation Limited.

Established in 1969, Tee Yih Jia Group is a global food and beverage group with operations in Singapore, Malaysia, USA, Europe and China. GSH Corporation Limited is a growing property developer with a portfolio of residential, commercial and hospitality real estate in Southeast Asia and China. The company owns the landmark GSH Plaza building in Raffles Place Singapore and has properties under development in Kuala Lumpur and Kota Kinabalu. GSH owns and operates the 5-star Sutera Harbour Resort, marina and golf course in Kota Kinabalu.

Apart from these core businesses, Datuk Goi has investments across a range of listed and private entities in numerous industries, such as food and beverage, consumer essentials, recycling, distribution and logistics. Datuk Goi also serves on the board of three other mainboard-listed companies – Vice Chairman of Super Group Limited, Vice Chairman of JB Foods Limited, and Director of Tung Lok Restaurants (2000) Ltd.

He was named "Businessman of the Year" at the Singapore Business Awards (2014) and conferred the Public Service Star (Bar) (BBM (L)) at the 49th National Day Awards by the president of Singapore for his contributions to the community. Datuk Goi was also conferred the State Award of Panglima Gemilang Darjah Kinabalu (PGDK), which carries the title of Datuk, from the Head of State of Sabah for his social and business contributions to Kota Kinabalu. In 2015, he was awarded the "SG50 Outstanding Chinese Business Pioneers Award". Datuk Goi is also a member of the Singapore University of Technology and Design (SUTD) Board of Trustee, and Chairman of Dunman High School Advisory Committee and Ulu Pandan Citizens Consultative Committee.

Datuk Goi was re-elected as Director of the Company at the AGM held in January 2013. He will retire at the forthcoming AGM and will offer himself for re-election.

## BOARD OF DIRECTORS



### **DATO' KAMAL Y P TAN**

*Group Chief Executive Officer*

Dato' Kamal Y P Tan is the Group Chief Executive Officer of the Company and was appointed to the Board on 23 December 2003. He was appointed as the Executive Director of the Company upon its listing on 23 December 2004 and has been re-designated to the current position since 20 January 2009.

Dato' Kamal is an Economics graduate from the London School of Economics and has held board positions with companies listed on the stock exchanges in Malaysia, Singapore, Australia, United Kingdom and India.

Currently, Dato' Kamal is also the Non-Executive Director of another company listed on the Singapore Stock Exchange, namely Lasseters International Holdings Limited. He is a Director of Cypress Lakes Group Limited, a public company in Australia and is a Board member of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Dato' Kamal was re-elected as Director at the AGM held in January 2015.

Dato' Kamal is the brother of Dato' Jaya J B Tan.



### **TEO CHEE SENG**

*Independent Director  
Chairman of Remuneration Committee  
Chairman of Nominating Committee  
Member of Audit Committee*

Mr Teo Chee Seng was appointed Independent Director of the Company on 3 August 2004. He holds a Bachelor of Law (Hons) degree from the University of Singapore and is a lawyer in the Singapore private practice for more than 30 years.

Mr Teo acts as the legal consultant to Tzu Chi Foundation, Taiwan's biggest charity organisation which is also an United Nations NGO.

Apart from the present directorship of the Company, Mr Teo is the Independent Director of Lasseters International Holdings Limited and Soilbuild Construction Group Ltd, companies listed on the Singapore Stock Exchange and United Overseas Australia Ltd, which is listed on both Singapore and Australia stock exchanges and UOA Development Bhd, a company listed on the Bursa Malaysia.

Mr Teo was re-elected as Director of the Company at the AGM held in January 2015.

## BOARD OF DIRECTORS



### JOHN LYN HIAN WOON

*Independent Director  
Chairman of Audit Committee  
Member of Remuneration Committee  
Member of Nominating Committee*

Mr John Lyn Hian Woon was appointed Independent Director on 3 August 2004. He holds a BSc degree in Mechanical Engineering from the University of Leeds, UK and an MBA from Washington State University.

Mr Lyn is currently the Executive Director of Pine Forest Capital, a Boutique Fund Management Company, registered in Singapore. He is also a Director of Sirius International Holdings, an international school based in Kuala Lumpur.

Mr Lyn is a former Chairman of Vietnam Asset Management, an associate company of UOB Kay Hian, which manages Public-listed Funds for Vietnam. He has previously held the position of Chief Executive Officer of Colonial Investment Pte. Ltd. and was responsible for management, strategic planning, investment and corporate restructuring. Prior to that, he was an investment banker with various financial institutions such as Chase Manhattan Bank, Citibank, Schroders Securities and HSBC James Capel with a total of 15 years of experience.

Apart from the directorship of the Company, Mr Lyn does not hold directorship in any other listed companies.

Mr Lyn was re-elected as Director of the Company at the AGM held in January 2014.



### MAH WENG CHOONG

*Non-Executive Director*

Mr Mah Weng Choong was appointed to the Board on 3 August 2004 as a Non-Executive Director and was re-designated to the position of Group Chief Operating Officer (“Group COO”) on 13 May 2010. Mr Mah relinquished his position as Group COO of the Company following the completion of the disposal of the Group’s dairies and packaging business to Asahi Group Holdings Southeast Asia Pte. Ltd. and was re-designated as Non-Executive Director with effect from 1 July 2014. Mr Mah was the Group COO of Etika Dairies Sdn Bhd from 30 June 2014 to 30 June 2015.

Mr Mah is a graduate in Science from the University of Malaya and is an industry veteran who spent more than 5 decades in companies involved in the manufacturing and distribution of sweetened condensed milk, ice-cream, UHT beverages, milk powder packing and other dairy-related products. Experienced and knowledgeable in setting up plants and strategic planning, Mr Mah is instrumental in the development and expansion plans of the dairies, packaging and beverage divisions of the Group since its inception.

Apart from the directorship of the Company, Mr Mah does not hold directorship in any other listed companies.

Mr Mah is due for re-appointment as a Director at the forthcoming AGM.



# KEY MANAGEMENT

## **BILLY LIM YEW THOON**

*Chief Financial Officer*

Mr Billy Lim joined Envictus as Chief Financial Officer on 1 March 2011. He is a Fellow member of the Association of Chartered Certified Accountants, a member of the Malaysia Institute of Accountants, a member of the Malaysian Institute of Corporate Governance, an Associate member of the Chartered Tax Institute of Malaysia and an Associate member of Institute of Internal Auditors.

Mr Lim brings with him a wealth of experience of more than 18 years in the audit practice and another 8 years in the commercial industry. He has also worked as the General Manager of Internal Audit for more than 3 years in a large public corporation listed on Bursa Malaysia Securities Berhad. His commercial experience includes monitoring of manufacturing and gaming operations located in Malaysia and overseas as well as participation in the negotiation and takeover of companies.

Prior to joining Envictus, Mr Lim was a Director of a consulting firm which has been providing consultancy and internal audit services to a Malaysian listed company. He was also a sole proprietor of a firm of practising accountants.

## **LAWRENCE POK YORK KEAW**

*Chief Executive Officer – Frozen Food Division*

Mr Pok York Keaw has extensive experience in the hotel and restaurant industry. He is the Chief Executive Officer of Envictus' Frozen Foods Division and had been with Pok Brothers Sdn Bhd since the mid 1960's. He was instrumental in building up the company from a mini-market trader to an importer of quality foods and distributor of a classic range of international branded products. Due to his accumulated extensive knowledge in the food industry, a subsidiary known as De-luxe Food Services Sdn Bhd, was established to manufacture "Gourmessa Brand value added Halal food products" (portion control meat, delicatessen meat, smoked salmon, bread and pastry products) to further enhance the business and service to the customers.

## **RICHARD ROWNTREE**

*Managing Director, Naturalac Nutrition Ltd*

Mr Richard Rowntree has overall responsibility for the nutritional products business. Based in New Zealand, the business heritage is in the niche health & fitness centre sales. With the market's broader awareness of the role of supplementary nutrition to assist achieving personal performance goals future prospects for growth lie in further development of mass market channels in New Zealand and Australia. Mr Rowntree also represents the group's interests in relation to ensuring the success of Envictus Dairies NZ Limited, the aseptic UHT beverage manufacturing business based in New Zealand. The potential for growth of this business will draw on Mr Rowntree's extensive experience in international business development. Prior to his appointment to his current role with Naturalac Nutrition Ltd in March 2003, he had been employed in international business development senior management roles with a number of public-listed New Zealand based companies including Cerebos, Fletcher Challenge and (Heinz) Watties. Mr Rowntree has had previous experience in leading export business development into markets including United Kingdom, Australia, the Pacific Islands and a number of South East Asian countries.

## **NEIL MCGARVA**

*Chief Executive Officer, Envictus Dairies NZ Ltd*

Mr Neil McGarva studied food science at Massey University and holds a Royal Society of Health Diploma in Public Health Inspection. He spent 10 years working for NZ Government as a food safety auditor and Environmental Health Officer.

In 1992, he established Pandoro Bakeries, an Artisan bread manufacturing factory in Auckland, New Zealand, expanding operations to multiple manufacturing sites Nationwide. In 2002, he established the Natural Pet Treat Company in Auckland, which continues today as a major manufacturer and exporter of quality natural pet foods.

In 2006, he established New Zealand's first UHT Aseptic PET Bottling plant in Hawkes Bay. In 2009, he merged this operation with Envictus International Holdings Limited to form Etika Dairies NZ Ltd, now known as Envictus Dairies NZ Ltd, in 2014.

He is currently CEO of Envictus Dairies NZ Ltd, a contract manufacturer of ESL and shelf stable PET bottled plain and flavoured milk, protein drinks, juice, lactose free milk, drinking yoghurt, coconut milk and almond milk for domestic and export markets.

# FOOD PROCESSING DIVISION



# CORPORATE GOVERNANCE

**The Directors and Management of Envictus International Holdings Limited (“Envictus” or the “Company”) and its subsidiaries (collectively with the Company, the “Group”) are committed to maintain high standards of corporate governance in order to protect the interests of its shareholders as well as enhance corporate performance and business sustainability. The Group will continue to uphold good corporate governance practices consistent with the principles of the Code of Corporate Governance (the “Code”), which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited (“SGX-ST”)’s Listing Manual.**

**This report outlines the Group’s corporate governance processes and activities that were in place throughout the financial year, with specific reference to the Code as revised by the Monetary Authority of Singapore (“MAS”) on 2 May 2012. Deviations from the Code, if any, are explained under the respective sections.**

## **BOARD MATTERS**

### **Principle 1 : The Board’s conduct of its affairs**

The primary function of the Board of Directors (“the Board”) is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group and has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investments proposals, financial performance reviews and corporate governance practices.

In addition, the principal duties of the Board include:-

1. provides leadership and guidance on the overall strategic direction and business conduct of the Company;
2. reviews the performance of the Group Chief Executive Officer (“Group CEO”) and senior management executives and ensures they are appropriately remunerated;
3. reviews the adequacy and effectiveness of the Group’s risk management and internal control systems including financial, operational compliance and information technology controls;
4. reviews and approves key operational and business initiatives, major funding proposals, significant investment and divestment proposals, corporate or financial restructuring, share issuance and dividends, the Group’s annual budgets and capital expenditure, the Group’s operating and financial performance, risk management processes and systems, human resource requirements, the release of quarterly and full year financial results and other corporation actions; and
5. provides management with the advice on issues raised and at the same time monitors the performance of the Management team.

### Independent judgement

All directors exercise due diligence and independent judgement and make decisions objectively in the best interests of the Group.

### Delegation by the Board

The Board has delegated certain of its functions to the Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”). These committees operate under a clearly defined terms of reference. The Chairman of the respective Committees reports the outcome of the Committees meetings to the Board.

### Key features of board processes

The dates of the Board and board committee meetings are scheduled in advance to assist the directors in planning their attendance. The Board meets at least three times a year and as warranted by particular circumstances. Ad-hoc meetings are also convened to deliberate on urgent and substantive matters. Telephone attendance and conference via audio-visual communication at Board and board committee meetings are allowed under the Company’s Articles of Association.



# CORPORATE GOVERNANCE

## Directors' attendance at Board and board committee meetings in FY2015

The attendance of the directors at meetings of the Board and Board committees is as follows:-

	<b>Board</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nominating Committee</b>
No. of meetings held in FY2015	5	5	2	1
<u>Number of meetings attended</u>				
Dato' Jaya J B Tan	5	5	2	1
Datuk Goi Seng Hui	4	n/a	n/a	n/a
Dato' Kamal Y P Tan	5	n/a	n/a	n/a
Mah Weng Choong	5	n/a	n/a	n/a
Teo Chee Seng	5	5	2	1
John Lyn Hian Woon	5	5	2	1

n/a - not applicable as director is not a member of the committee.

## Board approval

The Group has adopted a guideline setting forth matters that require the Board approval. The types of material transactions that require Board approval, among others, include:-

1. Announcements for the quarterly and full-year results;
2. Audited Financial Statements;
3. Convening of shareholders' meetings;
4. Declaration of interim dividends and proposal of final dividends;
5. Acceptance of financial facilities and issuance of corporate guarantee;
6. Annual operating and capital budgets;
7. Approval of material acquisition and disposal of assets; and
8. Interested person transactions.

## Induction and training of directors

The Group conducts an orientation briefing to provide newly appointed Directors with a better understanding of the Group's business activities, strategic direction and policies, key business risks, governance practices and Group culture to enable them to assimilate into their new roles. The directors will be encouraged to attend appropriate training, conferences and seminars for them to stay abreast of relevant business developments and outlook.

The Board is briefed on recent changes on the accounting standards and regulatory updates. The Group CEO updates the Board at each meeting on business and strategic developments of the Group. As part of the Company's continuing education for directors, directors are provided with articles, reports and press releases relevant to the Group's business to keep them updated on current industry trends and issues.

No external training was attended by the directors in FY2015.

## Principle 2 : Board composition and guidance

Presently, the Board of Directors (“the Board”) of Envictus comprises the following directors:-

Name	Age	Date of first appointment	Date of last re-election/ re-appointment	Designation
Dato’ Jaya J B Tan	68	23.12.2003	23.01.2014	Non-Executive Chairman
Datuk Goi Seng Hui	69	09.01.2013	25.01.2013	Non-Executive Vice-Chairman
Dato’ Kamal Y P Tan	63	23.12.2003	29.01.2015	Group Chief Executive Officer
Mah Weng Choong	77	03.08.2004	29.01.2015	Non-Executive Director
Teo Chee Seng	61	03.08.2004	29.01.2015	Independent Director
John Lyn Hian Woon	57	03.08.2004	23.01.2014	Independent Director

Each year, the NC reviews the size and composition of the Board and board committees and the skills and core-competencies of its members to ensure an appropriate balance of skills and experience. These competencies include business acumen, legal, accounting and finance, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management. The Board considers its directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group’s businesses and the number of board committees, the Board considers the current board size as appropriate. The Board believes that the current composition and size provides sufficient diversity without interfering with efficient decision making. The directors’ academic and professional qualifications are presented under the section “Board of Directors” in this annual report.

### Directors’ independence review

Director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere with the exercise of the director’s independent business judgement in the best interests of the Company is considered independent.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent. For the purpose of determining the directors’ independence, every director has provided declaration of their independence which is deliberated upon by the NC and the Board. After taking into account the views of the NC, the Board considers that the following directors are regarded non-independent directors of the company:

Name of directors	Reasons for non-independence
Dato’ Jaya J B Tan	Dato’ Jaya is not independent as he holds more than 10% of the Company’s voting shares. Dato’ Jaya is the brother of Dato’ Kamal.
Dato’ Kamal Y P Tan	Dato’ Kamal is not independent as he is employed as the Group CEO and also holds more than 10% of the Company’s voting shares. Dato’ Kamal is the brother of Dato’ Jaya.
Datuk Goi Seng Hui	Datuk Goi is not independent as he holds a deemed interest of more than 10% of the Company’s voting shares through Tee Yih Jia Food Manufacturing Pte. Ltd.
Mah Weng Choong	Mr Mah is not independent as he was employed by the Company for the past 3 financial years.

Save for the abovementioned directors, all the other directors on the Board are considered by the NC and the Board to be independent directors.

The Board also recognizes that independent directors may over time develop significant insights in the Group's business and operations and can continue to provide significant and valuable contribution objectively to the Board as a whole. When there are such directors, the Board will do a rigorous review of their continuing contribution and independence and may exercise its discretion to extend the tenures of these directors.

Independent directors, Mr Teo Chee Seng and Mr John Lyn Hian Woon have each served on the Board for more than nine years. The NC has conducted a rigorous review of their contributions to the Board to determine if they have maintained their independence. The NC and the Board are satisfied with their continued independence in character and judgement in discharging their responsibilities as directors of the company.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company. The NC is of the view that there is no current need to determine the maximum number of board representations a Director should have as the NC is satisfied that the Directors have been giving sufficient time and attention to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. Board and Board Committee meetings are scheduled in advance to facilitate the Directors' scheduling of their commitments.

The NC is satisfied that all Directors have discharged their duties adequately for the financial year ended 30 September 2015.

### Principle 3 : Chairman and Chief Executive Officer

The Chairman and the CEO functions in the Company are assumed by different individuals. The Chairman is Dato' Jaya J B Tan and the Group CEO is Dato' Kamal Y P Tan. Dato' Jaya and Dato' Kamal are brothers. There is a clear division of responsibilities between the Chairman and the Group CEO, which ensures the balance of power and authority at the top of the Company.

The Chairman is responsible for the effective workings of the Board and promotes high standards of corporate governance. He ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with other directors and the key management. He also reviews Board papers before they are presented to the Board to ensure that information provided to the Board members is adequate. During the Board meetings, he facilitates effective contributions and constructive discussions on strategic issues and business planning from the executive and non-executive directors.

The Group CEO is responsible for the running of the day-to-day business of the Group within the authorities delegated to him by the Board, ensuring implementation of policies and strategy across the Group as set by the Board, ensuring that the Chairman is kept apprised in a timely manner of issues faced by the Group and of any important events and developments and leading the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performances of its existing businesses.

### Principle 4 : Board membership

The members of the board committees of the Company are as follows:-

Directors	Audit Committee	Nominating Committee	Remuneration Committee
John Lyn Hian Woon	Chairman	Member	Member
Teo Chee Seng	Member	Chairman	Chairman
Dato' Jaya J B Tan	Member	Member	Member



## CORPORATE GOVERNANCE

### NC composition

The NC comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the NC are as follows:-

Teo Chee Seng (Chairman)	Non-Executive, Independent
John Lyn Hian Woon (Member)	Non-Executive, Independent
Dato' Jaya J B Tan (Member)	Non-Executive

The NC has adopted its terms of reference that describes the responsibilities of its members.

The NC decides how the Board should be evaluated and selects a set of performance criteria that is linked to long-term shareholders' value, to be used for performance evaluation of the Board.

The NC performs the following principal functions:-

- Reviews the structure, size and composition of the Board and make recommendations to the Board;
- Identifies candidates and reviews all nomination for the appointment and re-appointment of members of the Board;
- Determines annually whether or not a Director is independent in accordance with the guidelines of the Code;
- Decides how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval; and
- Assesses the effectiveness of the Board as a whole, as well as the contribution by each member of the Board.

The Board has power from time to time and at any time to appoint a person as a Director to fill a casual vacancy or as an addition to the Board. Any new Directors appointed during the year shall only hold office until the next Annual General Meeting ("AGM") and submit themselves for re-election and shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Article 87 of Envictus' Articles of Association requires the Managing Director, Chief Executive Officer or President (or person holding an equivalent position) who is a Director to be subject to retirement by rotation.

Article 91 of Envictus' Articles of Association requires one third of the Board to retire by rotation at every AGM. The Directors must present themselves for re-nomination and re-election at regular intervals of at least once every three years.

In reviewing the nomination of the retiring directors, the NC considered the performance and contribution of each of the retiring directors, having regard not only to their attendance and participation at Board and Board Committee meetings but also the time and efforts devoted to the Group's business and affairs, especially the operational and technical contributions.

In considering the appointment of any new director, the NC ensures that the new director possesses the necessary skills, knowledge and experience that could facilitate the Board in the making of sound and well-considered decisions. For re-appointments, NC takes into account the individual director's past contributions and performance.

The NC has recommended the nomination of Directors retiring pursuant to the Company's Articles of Association, namely Datuk Goi Seng Hui (pursuant to Article 91) and Dato' Jaya J B Tan (pursuant to Article 91) who will retire and submit themselves for re-election at the forthcoming Annual General Meeting. The NC is satisfied that both Datuk Goi Seng Hui and Dato' Jaya J B Tan are properly qualified for re-election by virtue of their skills and experience and their contribution and guidance to the Board's deliberation.

Datuk Goi Seng Hui was appointed as a Director of the Company with effect from 9 January 2013. Datuk Goi will upon re-election remain as Vice-Chairman of the Board of Directors.

Dato' Jaya was appointed as a Director of the Company on 23 December 2003. He will upon re-election as a Director of the Company, remain as the Chairman of the Board of Directors and members of the Audit Committee, Remuneration Committee and Nominating Committee.

## **Principle 5 : Board performance**

The Board regularly reviews the performance of the Management in meeting agreed goals and objectives and monitors the reporting of performance.

A formal review of the Board's performance will be undertaken collectively and individually by the Board annually. The NC will also review the Board's performance informally with inputs from the other Board members. The evaluation exercise is carried out annually by way of a Board Assessment Checklist, which is circulated to the Board members for completion and thereafter, for the NC to review and determine the actions required to improve the corporate governance of the Company and the effectiveness of the Board and committees as a whole.

## **Principle 6 : Access to information**

To assist the Board in its discharge of duties and responsibilities, all directors are provided with adequate information in a timely manner by the management on matters to be deliberated, thus facilitating informed decision-making. Directors are also updated on initiatives and developments for the Group's business whenever possible on an on-going basis.

The Board has separate and independent access to the Company's senior management and the Company Secretaries. At least one of the Company Secretaries attends the Board and Board committee meetings and is responsible for ensuring that board procedures are followed in accordance with the Memorandum and Articles of Association of the Company, and that applicable rules and regulations are complied with.

Management will, upon direction by the Board, get independent professional advice in furtherance of their duties, at the Company's expense.

## **Principle 7 : Remuneration Committee**

### **Principle 8 : Level and Mix of Remuneration**

### **Principle 9 : Disclosure on Remuneration**

The Remuneration Committee ("RC") comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee, namely:-

Teo Chee Seng (Chairman)	Non-Executive, Independent
John Lyn Hian Woon (Member)	Non-Executive, Independent
Dato' Jaya J B Tan (Member)	Non-Executive

The RC has adopted its terms of reference that describes the responsibilities of its members.

The role of the RC is to review and recommend remuneration policies and packages for directors and key executives and to disseminate proper information on transparency and accountability to shareholders on issues of remuneration of the executive directors of the Group and employees related to the executive directors and controlling shareholders of the Group.

RC's review covers all aspect of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, long-term incentive schemes, including share schemes and benefits in kind. Recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. No director is involved in deciding his own remuneration.

Primary functions performed by RC:-

- Reviews and recommends to the Board, a framework of remuneration for the Board and key executives taking into account factors such as industry benchmark, the Group's and individual's performance;
- Reviews the level of remuneration that are appropriate to attract, retain and motivate the directors and key executives;
- Ensures adequate disclosure on Directors' remuneration;
- Reviews and recommends to the Board the terms for renewal of Directors' service contracts;
- Reviews and administers the Envictus Employee Share Option Scheme (the "Scheme") adopted by the Group and decides on the allocations and grants of options to eligible participants under the Scheme; and
- Recommends to the Board, the Executive Share Option Schemes or any long-term incentive schemes which may be set up from time to time and does all acts necessary in connection therewith.

# CORPORATE GOVERNANCE

## Remuneration paid to directors and the CEO

Remuneration paid to the directors and the Group CEO for FY2015 is as follows:

	Salary*	Directors' Fees	Bonus**	Total Remuneration
	%	%	%	%
<b>Directors</b>				
<b>Below S\$250,000</b>				
Dato' Jaya J B Tan	-	100.0	-	100.0
Datuk Goi Seng Hui	-	100.0	-	100.0
Mah Weng Choong	-	100.0	-	100.0
Teo Chee Seng	-	100.0	-	100.0
John Lyn Hian Woon	-	100.0	-	100.0
<b>Group CEO</b>				
<b>S\$250,000 to below S\$500,000</b>				
Dato' Kamal Y P Tan	76.9	-	23.1	100.0

### Notes:

- \* Inclusive of benefits in kind, allowances and provident funds, where applicable.
- \*\* On receipt basis during FY2015.

The Company has not disclosed exact details of the remuneration of each individual director and the Group CEO due to the competitive pressures in the talent market and maintaining confidentiality on such matters would be in the best interest of the Company.

The Board is of the view that it is not in the interests of the Company to disclose the remuneration of the top five key management personnel (who are not Directors) within the bands of S\$250,000 each, the breakdown of each individual's remuneration and the aggregate total remuneration due to the sensitive and confidential nature of such information and disadvantages that this might bring which among others include potential staff motivational and retention issues.

There is no termination, retirement and post-employment benefits granted to Directors, the Group CEO and the top five key management personnel.

### **Immediate family members of Directors**

Ms Tan San May, the daughter of Dato' Kamal Y P Tan, the Group CEO, is employed by Eureka Capital Sdn Bhd, a subsidiary of the Group, as Chief Operating Officer (Bakery Division) and has received remuneration during FY2015 in that capacity. Her total remuneration for FY2015 was between S\$50,000 and S\$100,000, comprising 89.6% salary and 10.4% bonus.

### **Envictus Employee Share Option Scheme (ESOS)**

The ESOS was approved and adopted by its members at an Extraordinary General Meeting held on 8 November 2004. Details of the Company's ESOS and the options granted can be found on the Report by Directors in this Annual Report.



## **Principle 10 : Accountability**

The Board is accountable to shareholders for the stewardship of the Group. The Board updates shareholders on the operations and financial position of Envictus through quarterly and full-year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. The Management is accountable to the Board by providing the Board with the necessary financial information for the discharge of its duties.

Presently, the Management presents to the AC the interim and full year results and the AC reports on the results to the Board for review and approval before releasing the results to the SGX-ST and public via SGXNET.

For the financial year under review, the Group CEO and Chief Financial Officer have provided assurance to the Board on the integrity of the financial statements of the Group. The Board has also provided a negative assurance to the shareholders on the quarterly results.

## **Principle 11 : Risk Management and Internal Controls**

The Board reviews the risk profile of the Group and ensures that there are robust risk management policies and internal controls in place. The Board has delegated the responsibility for setting the direction of the Group's risk management strategy to Management. The key risks of the Group have been identified within a group risk framework that has been approved by Management and the AC.

The Group has established risk management policies, guidelines and control procedures to manage its exposure risks. Details of the various financial risk factors and the management of such risks are outlined in the financial statements.

It is part of the Board's role to ensure that there are adequate policies for risk management and internal controls and to oversee the effectiveness of the policies in achieving the Group's goals and objectives. The responsibility for implementing appropriate policies and procedures to achieve effective risk management and internal control is delegated to Senior Management. The overall framework established by Management is designed to enhance the soundness of the Group's financial reporting, risk management, compliance and internal control systems which include:

- Process improvement initiatives undertaken by business units;
- Benchmarking against key risk indicators, such as loss reporting, exceptions reporting and management reviews;
- Annual formal evaluations by the heads of business units and support functions on the soundness, effectiveness and efficiency of the financial reporting, risk management;
- Compliance and internal control systems in their respective areas of responsibility;
- Implementation of formal policies and procedures relating to the delegation of authority;
- Involvement of experienced and suitably qualified employees who take responsibility for important business functions; and
- Segregation of key functions that are deemed incompatible and that may give rise to a risk that errors or irregularities may not be promptly detected.

There is an organisational structure with clearly drawn lines of accountability and delegation of authority. There are documented procedures in place that cover management accounting, financial reporting, investment appraisal, information systems security, compliance and other risk management issues.

The systems that are in place are intended to provide guidance in managing and mitigating the business risks in safeguarding assets, maintenance of proper accounting records, the reliability of financial information, compliance with applicable legislation and best practice, but not absolute assurance against misstatements or losses.

A system of internal controls has been implemented for all companies within the Group. The controls are designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication is accurate and reliable.

While no system can provide absolute assurance against loss or misstatement, Management, in designing the controls, had taken into account the business risk, its likelihood of occurrence and the cost of protection. During the financial year, the AC, on behalf of the Board, has reviewed the effectiveness of the various systems in place by Management and is satisfied that there are adequate internal controls in the Group.

For the financial year under review, the Group CEO and the CFO have provided assurance to the Board that the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial operational, compliance and information technology risks.

During the financial year, the Board with the concurrence of AC, after carrying out a review, is of the opinion that the internal controls of the Group are adequate and effective to address operational, financial, compliance risks and technology risks. In arriving at the opinion, the Board is of the view that the internal controls of the Group have reasonable assurance about achieving the effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations.

## Principle 12 : Audit Committee

The Audit Committee ("AC") comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the AC as at the date of this report are as follows:-

John Lyn Hian Woon (Chairman)	Non-Executive, Independent
Teo Chee Seng (Member)	Non-Executive, Independent
Dato' Jaya J B Tan (Member)	Non-Executive

The principal responsibility of the AC is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the group's material internal controls, including financial, operational, compliance and risk management controls at least once annually, to safeguard the Company's assets and maintain adequate accounting records, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group.

The AC has authority to investigate any matter within its terms of reference, gain full access to and co-operation by management, exercise full discretion to invite any Director or executive officer to attend its meetings, and gain reasonable access to resources to enable it to discharge its function properly.

The AC will meet with the external auditors without the presence of the management at least once a year to review the scope and results of the audit and its cost effectiveness, as well as the independence and objectivity of the external auditors.

The AC has undertaken a review of all non-audit services provided by the external auditors and is of the opinion that the provision of such services would not affect the independence of the auditors.

The members of the AC will carry out their duties in accordance with the terms of reference which include the following:-

- review and discuss with external auditors before the audit commences, the nature and scope of the audit to ensure co-ordination where more than one audit firm is involved;
- review audit plans and results of the audit performed by the external auditors and ensure adequacy of the Group's system of accounting controls;
- review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors;
- review the announcements of the financial results;
- review the Company's material internal controls;
- review independence of the external auditors;
- review interested person transactions;
- review the co-operation given by the management to the external auditors; and
- review the appointment and re-appointment of external auditors of the Company's and the audit fees.

The external auditors have full access to the AC who has the express power to conduct or authorize investigations into any matters within its terms of reference. Minutes of the AC meetings will be regularly submitted to the Board for its information.

The AC has reviewed the Group's risk assessment, and based on the audit reports and management controls in place, is satisfied that there are adequate internal controls in the Group.

For the year under review, the Group has accrued an aggregate amount of audit fees of RM669,367, comprising audit fees of RM218,224 paid to auditors of the Company; and RM389,122 and RM62,021 paid to other auditors for audit fees and non-audit service fees, respectively. In compliance with Rule 1207(6) of the Listing Manual issued by Singapore Exchange Securities Trading Limited, the AC confirmed that it has undertaken a review of all non-audit services provided by the Auditors and they would not, in the AC's opinion, affect the independence of the Auditors.

The Group has complied with Rules 712 and 715 of the Listing Manual in relation to its Auditors.

The AC has recommended the re-appointment of BDO LLP as Auditors for the ensuing year, subject to shareholders' approval at the forthcoming AGM.

The Group has put in place a whistle-blowing policy, endorsed by the AC where employees of the Group and outside parties may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions.

### **Principle 13 : Internal Audit**

The Board is cognizant of its responsibility for maintaining a sound system of internal controls to safeguard the shareholders' investment and the Group's assets and business. Envictus' auditors, BDO LLP, carry out, in the course of their statutory audit, a review of the effectiveness of Envictus' material internal controls, annually to the extent of their scope laid out in their audit plan.

Material non-compliance and internal control weaknesses noted during their audit and the auditors' recommendations are reported to the AC members. For FY2015, the Board with the concurrence of the AC, is of the view that the system of internal controls that has been maintained by Envictus' management throughout the financial year is adequate to meet the needs of Envictus having addressed the financial, operational and compliance risks. In an effort to further enhance and improve the Group's system of internal controls and risk management policies, internal audit will be carried out on companies within the group identified by the AC and deemed necessary. The internal audit will be outsourced by the Company.

### **Principle 14 : Shareholder rights**

The Board ensures that all shareholders are treated fairly and equitably and the rights of all shareholders, including non-controlling shareholders, are protected.

### **Principle 15 : Communication with Shareholders**

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Besides the release of half-year results, the Company ensures timely and adequate disclosure of information on material matters required by SGX-ST's Listing Manual through announcements via the SGXNET. The Company does not practice selective disclosure of material information.

The Group welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis.

### Dividend Policy

The Company does not have an official dividend policy. The amount of dividends, if any declared, will depend on the factors that include the Group's profit level, cash position and future cash needs. For FY2015, the Company did not declare any dividend.

### **Principle 16 : Conduct of shareholders meetings**

The Group strongly encourages shareholders' participation during the AGM. All shareholders are welcome to attend the AGM. The Board of Directors, AC members and other committee members, chief financial officer, auditors and the Company Secretary/Secretaries will be present and are available to address any questions from shareholders regarding the Group and its businesses.

## Material Contracts

On 5 November 2015, the Company acquired a total of 92,676,600 ordinary shares, representing 11.43% of the issued and paid-up share capital of Yamada Green Resources Limited ("Yamada") for an aggregate consideration of S\$10,499,974.88 through open market and off-market transactions. Datuk Goi Seng Hui, the Non-Executive Chairman of the Company, disclosed to the Company that he is a substantial shareholder of Yamada and is deemed interested in 63,000,000 shares representing approximately 7.77% of the issued share capital of Yamada held by Hydrex International Pte Ltd. He also disclosed that he is deemed interested in 19,184,500 shares held by Oregold Pte Ltd and has a direct interest of 1,000,000 shares representing a total of deemed and direct interest of approximately 11.84% of the equity interest of Global Yellow Pages Limited, a substantial shareholder of Yamada.

Save as disclosed above, there were no material contracts entered into between the Company or any of its subsidiaries involving the interests of any director, chief executive officer or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year up to the date of the financial statements except for related party transactions and director's remuneration as disclosed in the financial statements.

## Interested Person Transactions

Envictus has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are at arm's length basis. All interested person transactions are subject to review by the AC to ensure compliance with the established procedures.

The aggregate value of interested person transactions entered into during the year were as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000)
	RM	RM
Perinsu (Broker Insurans) Sdn Bhd - Insurance premium	1,515,408 (or approximately S\$555,542)	-
Motif Etika Sdn Bhd - Rental of office premises	770,000 (or approximately S\$282,279)	-
Tee Yih Jia Food Manufacturing Pte Ltd - Purchase of goods	482,734 (or approximately S\$176,968)	-
- Advertising and promotion income	65,641 (or approximately S\$24,064)	-

Based on average exchange rate for the year ended 30 September 2015 of S\$1 = RM2.7278

## Dealings in Securities

The Company has adopted policies in relation to dealings in the Company securities which pursuant to the SGX-ST Best Practices Guide that are applicable to all its Directors and officers. The Company and its officer should not deal with the Company's shares during the period commencing two weeks before the quarter results announcement for each of the first three quarters of the financial year and one month before the full-year results announcement, as the case may be, and ending on the date of the announcements of the relevant results.

Directors and key executives are also expected to observe the insider-trading laws at all times even when dealing with securities within the permitted trading period and are not to deal in the Company's securities on short-term considerations.

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST for the financial year ended 30 September 2015.



# FINANCIAL STATEMENTS

<b>50</b>	Directors' Statement
<b>54</b>	Independent Auditor's Report
<b>55</b>	Statements of Financial Position
<b>57</b>	Consolidated Statement of Comprehensive Income
<b>59</b>	Consolidated Statements of Changes in Equity
<b>61</b>	Statements of Changes in Equity
<b>62</b>	Consolidated Statement of Cash Flows
<b>64</b>	Notes to the Financial Statements

# DIRECTORS' STATEMENT

## 1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2015, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. DIRECTORS

The Directors of the Company in office at the date of this report are:

Dato' Jaya J B Tan	(Non-Executive Chairman)
Datuk Goi Seng Hui	(Non-Executive Vice-Chairman)
Dato' Kamal Y P Tan	(Group Chief Executive Officer)
Mah Weng Choong	(Non-Executive Director)
John Lyn Hian Woon	(Independent Director)
Teo Chee Seng	(Independent Director)

## 3. SHARE OPTIONS

At an Extraordinary General Meeting held on 8 November 2004, the shareholders approved the Envictus Employee Share Options Scheme ("ESOS") granting share options to employees and Directors of the Group, including the controlling shareholder, namely Dato' Kamal Y P Tan.

On 22 January 2010, the Company's shareholders approved the amendments to the rules of the ESOS as contained in the Circular to Shareholders dated 5 January 2010 to be in line with the relevant laws and regulations of the Listing Manual following the transfer of the listing status from Catalist Board to the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") as well as to better clarify the terms and conditions of the ESOS.

On 24 September 2010, the Company's shareholders approved the participation of the other controlling shareholders, namely Dato' Jaya J B Tan and Tan Yet Meng, in the ESOS.

The Remuneration Committee is responsible for administering the ESOS. As at the date of the report, the members of the Remuneration Committee are Teo Chee Seng, John Lyn Hian Woon and Dato' Jaya J B Tan.

Options granted pursuant to the ESOS are in respect of ordinary shares of the Company. Options exercised and cancelled during the financial year and options outstanding as at the end of the financial year under the ESOS were as follows:

# DIRECTORS' STATEMENT

## 3. SHARE OPTIONS (CONTINUED)

Date of grant	Balance at 01.10.2014	Adjustment/Granted	Exercised	Lapsed/Cancelled	Balance at 30.09.2015	Exercise price	Exercise period
10.02.2010	283,000	-	-	-	283,000	S\$0.164*	10.02.2012 to 09.02.2017
13.10.2010	11,890,000	-	-	-	11,890,000	S\$0.400	13.10.2012 to 12.10.2017
	12,173,000	-	-	-	12,173,000		

\* Number of valid options and exercise price as at 12 October 2010 has been adjusted for a bonus issue of one for one declared on that date.

All of the above options were granted at a discount of 20% of the Market Price. The Market Price is equal to the weighted average price per share, calculated based on the total value of transactions in the share (the sum of each transacted price multiplied by the respective volume) divided by the volume transacted for the last three traded market days immediately preceding the offer date of that option, as determined by reference to the daily official list or other publication published by the SGX-ST and rounded up to the nearest whole cent in the event of fractional prices.

The information on Directors participating in the option schemes are as follows:

Name	Options adjusted/ granted during financial year	Aggregate options granted since commencement of the plan to 30.09.2015	Aggregate options exercised since commencement of the plan to 30.09.2015	Aggregate options exercised since commencement of the plan to 30.09.2014
<b>Directors who are also controlling shareholders</b>				
Dato' Kamal Y P Tan	-	8,000,000	5,500,000	5,500,000
Dato' Jaya J B Tan	-	6,000,000	3,900,000	3,900,000
<b>Director</b>				
Mah Weng Choong	-	4,000,000	2,090,000	2,090,000

There were no share options granted in the Company or its subsidiaries during the financial year under review.

These options do not entitle the holder to participate by virtue of the options, in any share issue of any other corporations.

## 4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraph 3 above.

## DIRECTORS' STATEMENT

### 5. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Shareholdings registered in the name of Directors and Nominees			Shareholdings in which Directors are deemed to have an interest		
	Balance as at 21.10.2015	Balance as at 30.09.2015	Balance as at 01.10.2014	Balance as at 21.10.2015	Balance as at 30.09.2015	Balance as at 01.10.2014
<b>The Company</b>	<i>Number of ordinary shares</i>					
Dato' Jaya J B Tan	95,987,364	95,987,364	95,987,364	97,951,072	97,951,072	97,951,072
Datuk Goi Seng Hui	-	-	-	77,000,000	77,000,000	77,000,000
Dato' Kamal Y P Tan	95,501,072	95,501,072	95,501,072	98,437,364	98,437,364	98,437,364
Mah Weng Choong	31,437,224	31,437,224	31,437,224	-	-	-
John Lyn Hian Woon	86,000	86,000	86,000	-	-	-
Teo Chee Seng	150,000	150,000	150,000	-	-	-

	Shareholdings registered in the name of Directors and Nominees		
	Balance as at 21.10.2015	Balance as at 30.09.2015	Balance as at 01.10.2014
<b>The Company</b>	<i>Number of options pursuant to Employee Share Options Scheme to subscribe for ordinary shares</i>		
Dato' Jaya J B Tan	2,100,000	2,100,000	2,100,000
Dato' Kamal Y P Tan	2,500,000	2,500,000	2,500,000
Mah Weng Choong	1,910,000	1,910,000	1,910,000

By virtue of Section 7 of the Act, Dato' Jaya J B Tan and Dato' Kamal Y P Tan are deemed to have an interest in all related corporations of the Company.

### 6. AUDIT COMMITTEE

The Audit Committee ("AC") of the Company is chaired by John Lyn Hian Woon (an independent Director), and includes Teo Chee Seng (an independent director) and Dato' Jaya J B Tan who are all non-executive directors. The AC has met five times since the last Annual General Meeting ("AGM") and has carried out its functions in accordance with section 201B(5), including reviewing the following, where relevant, with the executive Directors and external auditors of the Company:

- the audit plans of the external auditors;
- the Company's and the Group's financial and operating results and accounting policies;
- the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;



## 6. AUDIT COMMITTEE (CONTINUED)

- (d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by the management to the Company's external auditor;
- (f) the re-appointment of the external auditor of the Company;
- (g) review and approve interested person transactions;
- (h) review potential conflict of interests, if any;
- (i) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (j) generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external auditors have unrestricted access to the audit committee.

The audit committee has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

## 7. INDEPENDENT AUDITOR

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

**Dato' Jaya J B Tan**  
Non-Executive Chairman

**Dato' Kamal Y P Tan**  
Group Chief Executive Officer

8 December 2015

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Envictus International Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 55 to 137, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2015 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

### **BDO LLP**

Public Accountants and  
Chartered Accountants

Singapore  
8 December 2015

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	4	99,252	92,911	15	15
Prepaid lease payment for land	5	-	4,184	-	-
Investments in subsidiaries	6	-	-	2,988	2,203
Available-for-sale financial assets	7	165	285	-	-
Deferred tax assets	8	964	3,622	-	-
Intangible assets	9	15,090	14,533	63	58
Deposits for purchase of property, plant and equipment	11	36,359	-	-	-
		151,830	115,535	3,066	2,276
<b>Current assets</b>					
Inventories	10	37,637	40,164	-	-
Trade and other receivables	11	59,594	106,912	230,122	234,444
Tax recoverable		776	788	-	28
Held-for-trading investments	12	115,629	16,202	115,629	16,202
Fixed deposit	13	255	-	-	-
Cash and bank balances	13	96,471	144,047	48,209	117,340
		310,362	308,113	393,960	368,014
Non-current assets classified as held for sale	14	4,366	-	-	-
		314,728	308,113	393,960	368,014
Less:					
<b>Current liabilities</b>					
Trade and other payables	15	34,653	57,612	162,900	168,034
Bank borrowings	16	42,343	5,896	-	-
Finance lease payables	17	3,554	2,244	-	-
Current income tax payable		892	5,161	827	295
		81,442	70,913	163,727	168,329
<b>Net current assets</b>		<b>233,286</b>	<b>237,200</b>	<b>230,233</b>	<b>199,685</b>

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Less:					
<b>Non-current liabilities</b>					
Bank borrowings	16	4,275	156	-	-
Finance lease payables	17	10,045	5,571	-	-
Financial guarantee contracts	18	-	-	1,897	92
Deferred tax liabilities	19	3,402	3,182	-	-
		17,722	8,909	1,897	92
<b>Net assets</b>		367,394	343,826	231,402	201,869
<b>Capital and reserves</b>					
Share capital	20	111,406	111,406	111,406	111,406
Treasury shares	20	(183)	(183)	(183)	(183)
Foreign currency translation reserve	21	40,219	12,969	51,404	9,707
Fair value reserve	22	(667)	(547)	-	-
Share options reserve		9,507	9,507	9,507	9,507
Other reserve	23	(2,168)	(2,168)	-	-
Accumulated profits		215,419	215,782	59,268	71,432
<b>Equity attributable to the owners of the Company</b>		373,533	346,766	231,402	201,869
Non-controlling interests		(6,139)	(2,940)	-	-
<b>Total equity</b>		367,394	343,826	231,402	201,869

The accompanying notes form an integral part of the financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 RM'000	2014 RM'000
<b>Continuing operations</b>			
Revenue	24	327,357	306,789
Cost of goods sold		(239,122)	(248,187)
Gross profit		88,235	58,602
Other operating income	26	21,940	38,513
Administrative expenses		(30,925)	(30,330)
Selling and marketing expenses		(43,339)	(38,827)
Warehouse and distribution expenses		(24,537)	(22,071)
Research and development expenses		(1,236)	(1,227)
Other operating expenses	26	(4,687)	(51,534)
Finance costs	25	(1,784)	(8,288)
Profit/(Loss) before income tax	26	3,667	(55,162)
Income tax expense	27	(7,229)	(17,191)
Loss from continuing operations, net of tax		(3,562)	(72,353)
Profit from discontinued operations, net of tax	28	-	610,021
(Loss)/Profit for the financial year		(3,562)	537,668
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences:			
On translation of foreign operations		27,250	3,797
Disposal of subsidiaries		-	7,453
Available-for-sale financial assets:			
(Loss)/Gain arising during the year		(120)	52
Disposal of subsidiaries		-	(146)
<b>Other comprehensive income</b>		27,130	11,156
<b>Total comprehensive income for the financial year</b>		23,568	548,824

The accompanying notes form an integral part of the financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

	Note	2015 RM'000	2014 RM'000
<b>(Loss)/Profit attributable to:</b>			
Owners of the Company			
- Loss from continuing operations, net of tax		(363)	(67,398)
- Profit from discontinued operations, net of tax		-	610,014
		(363)	542,616
Non-controlling interests		(3,199)	(4,948)
		(3,562)	537,668
<b>Total comprehensive income attributable to:</b>			
Owners of the Company			
- Profit/(Loss) from continuing operations, net of tax		26,767	(63,549)
- Profit from discontinued operations, net of tax		-	617,321
		26,767	553,772
Non-controlling interests		(3,199)	(4,948)
		23,568	548,824
<b>(Loss)/Earnings per share attributable to owners of the Company (sen)</b>			
	29		
Basic, continuing operations		(0.06)	(10.82)
Diluted, continuing operations		(0.06)	(10.82)
Basic, discontinued operations		-	97.97
Diluted, discontinued operations		-	97.93

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

	Attributable to owners of the 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	Other reserve RM'000	Accumulated profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>Group 2015</b>										
At 1 October 2014	111,406	(183)	12,969	(547)	9,507	(2,168)	215,782	346,766	(2,940)	343,826
Loss for the year	-	-	-	-	-	-	(363)	(363)	(3,199)	(3,562)
Other comprehensive income:										
Exchange differences on translation of foreign operations	-	-	27,250	-	-	-	-	27,250	-	27,250
Available-for-sale financial assets:										
Loss arising during the year	-	-	-	(120)	-	-	-	(120)	-	(120)
Total other comprehensive income/(loss)	-	-	27,250	(120)	-	-	-	27,130	-	27,130
Total comprehensive income/(loss) for the financial year	-	-	27,250	(120)	-	-	(363)	26,767	(3,199)	23,568
At 30 September 2015	111,406	(183)	40,219	(667)	9,507	(2,168)	215,419	373,533	(6,139)	367,394

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

	Attributable to owners of the Company										
	Share capital	Treasury shares	Foreign currency translation reserve			Share options reserve	Other reserve	Accumulated profits	Total	Non-controlling interests	Total equity
			RM'000	RM'000	RM'000						
<b>Group</b>											
<b>2014</b>											
At 1 October 2013	98,470	(183)	1,719	(453)	9,507	(504)	164,470	273,026	566	273,592	
(Loss)/Profit for the year:											
Loss from continuing operations	-	-	-	-	-	-	(67,398)	(67,398)	(4,955)	(72,353)	
Profit from discontinued operations	-	-	-	-	-	-	610,014	610,014	7	610,021	
Other comprehensive income:											
Exchange differences:											
On translation of foreign operations	-	-	3,797	-	-	-	-	3,797	-	3,797	
Disposal of subsidiaries	-	-	7,453	-	-	-	-	7,453	-	7,453	
Available-for-sale financial assets:											
Gain arising during the year	-	-	-	52	-	-	-	52	-	52	
Disposal of subsidiaries	-	-	-	(146)	-	-	-	(146)	-	(146)	
Total other comprehensive income/ (loss)	-	-	11,250	(94)	-	-	-	11,156	-	11,156	
Total comprehensive income/ (loss) for the financial year	-	-	11,250	(94)	-	-	542,616	553,772	(4,948)	548,824	
Contributions by and distributions to owners:											
Issuance of ordinary shares	20	12,936	-	-	-	-	-	12,936	-	12,936	
Dividends paid	30	-	-	-	-	-	(491,304)	(491,304)	-	(491,304)	
Changes in ownership interest distributions to owners:											
Additional interest in non-controlling interests											
Subscription of shares in a subsidiary by non-controlling interests											
Disposal of subsidiaries											
At 30 September 2014	111,406	(183)	12,969	(547)	9,507	(2,168)	215,782	346,766	(2,940)	343,826	

The accompanying notes form an integral part of the financial statements.



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

	Note	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
<b>Company</b>							
<b>2015</b>							
At 1 October 2014		111,406	(183)	9,707	9,507	71,432	201,869
Loss for the year		-	-	-	-	(12,164)	(12,164)
Other comprehensive income:							
Exchange differences on translation		-	-	41,697	-	-	41,697
Total other comprehensive income		-	-	41,697	-	-	41,697
Total comprehensive income for the financial year		-	-	41,697	-	(12,164)	29,533
At 30 September 2015		111,406	(183)	51,404	9,507	59,268	231,402
<b>2014</b>							
At 1 October 2013		98,470	(183)	8,925	9,507	56,909	173,628
Profit for the year		-	-	-	-	505,827	505,827
Other comprehensive income:							
Exchange differences on translation		-	-	782	-	-	782
Total other comprehensive income		-	-	782	-	-	782
Total comprehensive income for the financial year		-	-	782	-	505,827	506,609
Issuance of ordinary shares	20	12,936	-	-	-	-	12,936
Dividends paid	30	-	-	-	-	(491,304)	(491,304)
At 30 September 2014		111,406	(183)	9,707	9,507	71,432	201,869

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 RM'000	2014 RM'000
<b>Operating activities</b>			
Profit/(Loss) before income tax from:			
- Continuing operations		3,667	(55,162)
- Discontinued operations		-	615,725
		3,667	560,563
Adjustments for:			
Allowance for doubtful receivables		300	1,805
Allowance for doubtful receivables no longer required, now written back		(294)	(994)
Amortisation of prepaid lease payment for land		-	604
Amortisation of intangible assets		362	477
Depreciation of property, plant and equipment		12,244	28,560
Dividend income		(3,411)	(51)
Foreign currency exchange loss, net		(1,944)	4,128
Gain on disposal of held-for-trading investments		(1,767)	-
Loss/(Gain) on disposal of property, plant and equipment		1,828	(355)
Write back of impairment on property, plant and equipment		(3,598)	-
Gain on disposal of subsidiaries	6	-	(573,276)
Gain on disposal of relevant intellectual property	9	-	(34,248)
Fair value loss/(gain) arising from held-for-trading investments		4,634	(335)
Fair value gain arising from derivative financial instruments		-	(420)
Interest income		(1,177)	(1,779)
Finance costs	25	1,784	20,441
Impairment of intangible assets		-	22,841
Allowance for write down of inventories		350	1,687
Impairment of property, plant and equipment		-	21,832
Inventories written off		-	2,978
Property, plant and equipment written off		27	91
Operating profit before working capital changes		13,005	54,549
Working capital changes:			
Inventories		2,177	(3,245)
Trade and other receivables		(10,105)	(25,014)
Trade and other payables		(12,302)	30,675
Cash (used in)/generated from operations		(7,225)	56,965
Interest paid		(721)	(4,055)
Income tax paid, net		(8,436)	(8,482)
<b>Net cash (used in)/generated from operating activities</b>		<b>(16,382)</b>	<b>44,428</b>

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 RM'000	2014 RM'000
<b>Investing activities</b>			
Acquisition of held-for-trading investments		(261,097)	(15,867)
Acquisition of additional interest in non-controlling interests		-	(1,664)
Adjustment amount of sale proceeds from disposal of subsidiaries		57,417	-
Deposits paid for purchase of property, plant and equipment	11	(36,359)	-
Dividend received		3,411	51
Purchase of property, plant and equipment	4	(8,152)	(19,929)
Purchase of intangible assets	9	(908)	(566)
Proceeds from disposal of property, plant and equipment		2,912	750
Proceeds from disposal of held-for-trading investments		158,803	-
Net cash inflow from disposal of subsidiaries	6	-	649,769
Net cash inflow from disposal of relevant intellectual property	9	-	74,290
Interest received		1,177	1,779
<b>Net cash (used in)/generated from investing activities</b>		<b>(82,796)</b>	<b>688,613</b>
<b>Financing activities</b>			
Dividends paid to shareholders	30	-	(491,304)
Proceeds from issuance of ordinary shares	20	-	12,936
Proceeds from issuance of additional shares to non-controlling interests		-	1,843
Interest paid		(1,063)	(16,386)
Net changes in fixed deposits pledged to banks		(252)	597
Drawdown of bank borrowings		54,575	260,328
Repayment of bank borrowings		(14,650)	(402,667)
Repayment of finance lease obligations		(2,972)	(3,718)
<b>Net cash generated from/(used in) financing activities</b>		<b>35,638</b>	<b>(638,371)</b>
Net change in cash and cash equivalents		(63,540)	94,670
Cash and cash equivalents at beginning of the financial year		144,047	49,356
Effect of exchange rate changes		15,964	21
<b>Cash and cash equivalents at end of the financial year</b>	<b>13</b>	<b>96,471</b>	<b>144,047</b>

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

These notes form an integral part of and should be read in conjunction with the financial statements.

## 1. GENERAL CORPORATE INFORMATION

Envictus International Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore with its registered office at 4 Shenton Way, #17-01 SGX Centre II, Singapore 068807. The Company’s registration number is 200313131Z. The principal place of business is located at 20 Maxwell Road, #12-05 Maxwell House, Singapore 069113. The Company is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (“FRS”) including related interpretations of FRS (“INT FRS”) and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (“functional currency”). The functional currency of the Company is Singapore Dollar. However, as the Group’s significant operations are in Malaysia, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Ringgit Malaysia (“RM”) which is the functional currency and the presentation currency of the significant components in Malaysia.

All financial information presented in RM has been rounded to the nearest thousand (“RM’000”) as indicated, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

In the current financial year, the Group has adopted all the new or revised FRS and INT FRS that are relevant to their operations and effective for the current financial year. The adoption of these new or revised FRS and INT FRS did not result in any substantial changes to the Group’s and the Company’s accounting policies and had no material effect on the amounts reported for the current or prior years, except as disclosed below:

#### **FRS 112 Disclosure of Interests in Other Entities**

FRS 112 prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to disclose information that helps users to assess the nature and financial effects of relationships with subsidiaries, associates, joint arrangements and unconsolidated structured entities. As the new standard affects only disclosure, there is no effect on the Group’s financial position or performance. Certain new disclosures are included in these financial statements following adoption of FRS 112 on 1 October 2014.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

***Amendments to FRS 36 - Recoverable Amount Disclosures for Non-financial Assets***

The amendments to FRS 36 were issued to remove the requirement to disclose the recoverable amount of any cash-generating unit for which the carrying amount of goodwill or intangible assets with an indefinite useful life is significant compared to the total carrying amount of goodwill or intangible assets with an indefinite useful life, and instead require disclosure about recoverable amount only when there is a significant impairment or reversal of an impairment, as well as to require additional disclosures when recoverable amount is based on fair value less costs of disposal.

The Group has adopted the amendments to FRS 36 from 1 October 2014, and reflected the relevant amended disclosure requirements in these financial statements. There is no impact on the Group's financial position or financial performance.

**FRS issued but not yet effective**

As at the date of the authorisation of these financial statements, the following FRS that may be relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

		<b>Effective date (annual periods beginning on or after)</b>
FRS 1 (Amendments)	: Disclosure Initiative	1 January 2016
FRS 16 and FRS 38 (Amendments)	: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 27 (Amendments)	: Equity Method in Separate Financial Statements	1 January 2016
FRS 109	: Financial Instruments	1 January 2018
FRS 115 Improvements to FRSs (November 2014)	: Revenue from Contracts with Customers	1 January 2018
FRS 107 (Amendments)	: Financial Instruments: Disclosures	1 January 2016

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group expect that the adoption of the above FRS in future periods, if applicable, will have no material impact on the financial statements in the period of initial adoption, except as disclosed below.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation of financial statements (Continued)

#### **FRS issued but not yet effective (Continued)**

##### ***FRS 109 Financial Instruments***

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 October 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets, particularly those currently classified as available-for-sale, and the new impairment requirements are expected to result in changes for impairment provisions on trade and other receivables and other financial assets not measured at fair value through profit or loss.

##### ***FRS 115 Revenue from Contracts with Customers***

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. The Group is in the process of performing a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 October 2018 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to consolidated statement of comprehensive income or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are stated at cost, less any accumulated impairment loss that has been recognised in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Business combination

##### *Business combination from 1 October 2009*

The acquisition of subsidiaries and businesses is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated statement of comprehensive income as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the consolidated statement of comprehensive income, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in consolidated statement of comprehensive income as a bargain purchase gain.

##### *Business combination before 1 October 2009*

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquirees' identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

#### 2.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment losses.

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.4 Property, plant and equipment (Continued)**

Subsequent expenditure relating to the property, plant and equipment added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. All other costs of servicing are recognised in the consolidated statement of comprehensive income as expenses when incurred.

On disposal of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount is recognised in the profit or loss.

Depreciation is calculated on the straight-line method so as to write off the depreciable amount of the property, plant and equipment over their estimated useful lives as follows:

	<b>Years</b>
Factory buildings	20 - 50
Plant and machinery	5 - 20
Cold room and freezer	5 - 10
Lab equipment	5 - 10
Furniture and fittings	5 - 10
Store equipment	5
Renovation	5 - 50
Motor vehicles	3.3 - 6.7
Office equipment	5 - 14.9
Computer system	3 - 5

Assets under construction represent property, plant and equipment under construction, which is stated at cost less any impairment loss and is not depreciated. Assets under construction are reclassified to appropriate categories of property, plant and equipment when completed and ready for use and depreciation will commence at that time.

No depreciation is provided on freehold land.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.5 Intangible assets

(i) *Goodwill*

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.3), the amount of any non-controlling interests in the acquiree over the acquisition date fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of gain or loss on disposal.

(ii) *Patents and trademarks*

Patents and trademarks acquired by the Group have indefinite useful lives and are initially measured at cost less any accumulated impairment losses.

(iii) *Product licenses*

Product licenses are stated at cost less accumulated amortisation and any impairment losses. The useful life of the product licenses is 5 years, representing the period that benefits are expected to be received.

(iv) *Computer software*

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original costs of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised to the consolidated statement of comprehensive income using the straight-line method over their estimated useful lives of 5 years.

(v) *Franchise fees*

Franchise fees are initially capitalised at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost over their estimated useful lives of 10 to 20 years.

The amortisation period and amortisation method of intangible assets other than goodwill, patents and trademarks are reviewed at least at the end of each financial year. The effects of any revision are recognised in the consolidated statement of comprehensive income when the changes arise.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.6 Impairment of non-financial assets

##### *Non-financial assets other than goodwill*

The carrying amounts of the Group's non-financial assets are reviewed at the end of each financial year to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset (intangible assets with indefinite useful life and intangible assets not yet available for use) is required, the recoverable amounts are estimated.

An impairment loss is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent of other assets and groups of assets. Impairment loss is recognised in the consolidated statement of comprehensive income unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each financial year as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment in value was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Reversals of impairment loss are recognised in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss recognised in the consolidated statement of comprehensive income in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

##### *Goodwill*

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating unit expected to benefit from the synergies of the business combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit including the goodwill, the impairment loss is recognised in the consolidated statement of comprehensive income and allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

#### 2.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials, packing materials and finished goods are determined on the "first-in, first-out" basis and comprise original cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of raw materials, direct labour, other direct costs and manufacturing overheads (based on normal operating capacity) but excludes borrowing cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution, at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made for obsolete, slow-moving and defective inventories.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.8 Cash and bank balances

Cash and bank balances in the statements of financial position comprise cash on hand, demand deposit and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances, fixed deposit and excluding any deposits pledged.

#### 2.9 Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

The Group and the Company classifies their financial assets as loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss. The classification depends on the nature and purpose for which the assets were acquired. Management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the financial year where allowed and appropriate.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise "trade and other receivables excluding prepayments, advances to suppliers and deposits paid for property, plant and equipment", "fixed deposit" and "cash and bank balances" in the statements of financial position.

(ii) *Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets are classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading investment if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group and the Company; or if it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee contract.

A financial asset which is not classified as held-for-trading may be designated as FVTPL upon initial recognition if the financial asset is managed as part of a group of financial instruments, with its performance being evaluated on a fair value basis, in accordance with the Group's and the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

FVTPL are stated at fair value, with any resultant gain or loss recognised in the consolidated statement of comprehensive income. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets.

(iii) *Available-for-sale financial assets ("AFS")*

Certain shares held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and accumulated in the fair value reserve.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Financial assets (Continued)

#### *Derecognition*

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received is recognised in the consolidated statement of comprehensive income. Where the sale relates to an available-for-sale financial asset, the cumulative gain or loss previously recognised in the fair value reserve is included in the consolidated statement of comprehensive income for the period.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments “at fair value through profit or loss”.

#### *Impairment*

The Group assess at the end of each financial year whether there is objective evidence that a financial asset or a group of financial assets other than financial assets at FVTPL, is impaired and recognise as allowance for impairment when such evidence exists.

#### (i) *Loans and receivables*

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### (ii) *Available-for-sale financial assets*

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated statement of comprehensive income, is transferred from other comprehensive income to the profit or loss. Reversal of impairment loss in respect of equity instruments classified as available-for-sale is recognised through equity. Reversal of impairment loss on debt instruments is recognised in the consolidated statement of comprehensive income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.10 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities measured at amortised cost include trade and other payables (excluding GST payables and provision for employee benefits), bank borrowings and finance leases.

The accounting policies adopted for specific financial liabilities are set out below:

(i) *Trade and other payables*

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(ii) *Bank borrowings*

Borrowings are initially recognised at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is taken to the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the financial year are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the financial year and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the financial year are presented as non-current borrowings in the statements of financial position.

(iii) *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less cumulative amortisation in accordance with FRS 18 *Revenue*.

#### *Recognition and derecognition*

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are derecognised when and only when the contractual obligation has been discharged, or cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the consolidated statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 2.12 Equity instruments and treasury shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are classified as equity instruments and are recorded at the proceeds received, net of direct issue costs.

When share capital recognised as equity is reacquired ("treasury shares"), the amount of consideration paid including any directly attributable incremental cost is presented as a deduction within equity, until they are subsequently cancelled, sold or reissued.

When the treasury shares are subsequently cancelled, the cost of the treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When the treasury shares are subsequently sold or reissued pursuant to the employee share options scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised as a change in equity of the Company.

#### 2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

#### 2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of business of the Group. Revenue is presented, net of estimated customer returns, rebates, other similar allowances and sales related taxes. The Group's revenue is in respect of external transactions only.

##### *Sale of goods*

Revenue from sale of products is recognised when significant risks and rewards of ownership of goods have been transferred to the buyer upon passage of title to the customers, which generally coincides with their delivery and acceptance.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Revenue recognition (Continued)

#### *Interest income*

Interest income is recognised when earned, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

#### *Rental income*

Rental income under operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

#### *Dividend income*

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

### 2.15 Research and development expenses

Research and development expenses are recognised as expenses when incurred.

### 2.16 Employment benefits

#### *Defined contribution plan*

Contributions to defined contribution plans are recognised as an expense in the consolidated statement of comprehensive income in the same financial year as the employment that gives rise to the contributions.

#### *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

### 2.17 Leases

#### *When the Group is the lessee of a finance lease*

Leases in which the Group assume substantially all the risks and rewards incidental to ownership of the leased assets are classified as finance lease.

Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value at the inception of the lease and the present value of the minimum lease payment. Any initial direct costs are also added to the amount capitalised.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charge is recognised in the consolidated statement of comprehensive income.

Capitalised leased asset is depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the finance lease term.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.17 Leases (Continued)

*When the Group is the lessee of an operating lease*

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under the operating lease (net of any incentives received from the lessors) are recognised in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

*Prepaid lease payment*

The Group leases land under operating leases and the leases run for a period of 25 to 84 years. The upfront lump-sum payments made under the leases are amortised to the consolidated statement of comprehensive income on a straight-line basis over the term of the leases. The amortisation amount is included in operating lease expenses.

#### 2.18 Borrowing costs

Borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred using the effective interest method except for those costs that are directly attributable to the acquisition, construction or production of the qualifying assets.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

#### 2.19 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

*Current income tax*

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Current income taxes are recognised as an expense or income in the consolidated statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is recognised directly in equity.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.19 Income tax (Continued)

##### *Deferred tax*

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority and the Group intends to settle the current tax assets and liabilities on a net basis.

Deferred tax is recognised as an expense or income in the consolidated statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill on acquisition.

##### *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- (i) when the sales tax that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

#### 2.20 Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.20 Non-current assets held for sale and discontinued operations (Continued)

Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in consolidated statement of comprehensive income.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area operations that has been disposed of, classified as held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

#### 2.21 Foreign currency transactions and translations

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items and on retranslation of monetary items are included in the consolidated statement of comprehensive income for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of comprehensive income for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company and the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates of the dates at the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in the consolidated statement of comprehensive income in the financial year in which the foreign operations are disposed off.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign operations, the accumulated foreign exchange reserve relating to that operations are reclassified to consolidated statement of comprehensive income.

Goodwill and fair value adjustments arising on acquisition of foreign operations are treated as assets and liabilities of the foreign operations, and translated at the closing exchange rate.

#### 2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders. Dividends proposed or declared after the end of the financial year are not recognised as a liability at the end of the financial year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer who makes strategic decisions.

### 2.24 Share-based payment

The Company issues equity settled share-based payments to certain employees and directors.

The fair value of the employee services received in exchange for the grant of options is recognised as an expense in consolidated statement of comprehensive income with a corresponding increase in the share options reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of grant. In the valuation process, no account is taken of any performance conditions except of conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The expense recognised in the consolidated statement of comprehensive income at each reporting date reflects the manner in which the benefits will accrue to employees under the option plan over the vesting period. The consolidated statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

When the options are exercised and new ordinary shares issued, the proceeds received (net of any attributable transaction costs) are credited to share capital, or to the treasury shares account, when treasury shares are reissued to employees. The share options reserve remained unchanged as a separate reserve when the options are exercised.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

### 2.25 Contingencies

A contingent liability is:

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (ii) a present obligation that arises from past events but is not recognised because:
  - a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - b. the amount of the obligation cannot be measured with sufficient reliability.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.25 Contingencies (Continued)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

#### 3.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) *Impairment of investments in subsidiaries and financial assets*

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining whether investments in subsidiaries or financial assets are impaired. This determination requires the assumption made regarding the duration and extent to which the recoverable amount of an investment in a subsidiary or fair value of a financial asset is less than its costs and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Management's assessment for impairment of investments in subsidiaries is based on the estimation of value in use of the cash-generating unit ("CGU") by forecasting the expected future cash flows for a period of up to five years, using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of investments in subsidiaries as at 30 September 2015 was approximately RM2,988,000 (2014: RM2,203,000).

(ii) *Patents and trademarks*

Patents and trademarks are capitalised in accordance with the accounting policy in Note 2.5. Initial capitalisation of costs is based on management's judgement that the assets are separated from the entity, the entity controls the assets and it is probable that expected future economic benefits of the assets will flow to the entity. The management has applied judgement in determining the useful lives of patents and trademarks after having considered various factors such as competitive environment, product life cycles, operating plans and the macroeconomic environment of the patents and trademarks. In addition, management believes there is no foreseeable limit to the period over which the indefinite patents and trademarks are expected to generate net cash inflows for the Group.

(iii) *Determination of functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below.

(i) *Impairment of goodwill, patents and trademarks and franchise fees*

The management determines whether goodwill, patents and trademarks and franchise fees are impaired at least on an annual basis and as and when there is an indication that goodwill and patents and trademarks may be impaired. Franchise fees are impaired when there is an indication that franchise fees may be impaired. This requires an estimation of the value in use of patents and trademarks, franchise fees and the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill, patents and trademarks and franchise fees as at 30 September 2015 were approximately RM4,042,000, RM8,111,000 and RM2,297,000 (2014: RM4,042,000, RM8,111,000 and RM2,023,000), respectively.

More details on the impairment testing of goodwill, patents and trademarks and franchise fees are disclosed in Note 9 to the financial statements.

(ii) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 50 years. The carrying amounts of the Group's and the Company's property, plant and equipment as at 30 September 2015 were approximately RM99,252,000 and RM15,000 (2014: RM92,911,000 and RM15,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised.

(iii) *Income taxes*

The management has exercised significant estimates when determining the Group's and the Company's provisions for income taxes. These involve assessing the probabilities that deferred tax assets resulting from deductible temporary differences, unutilised tax losses and unabsorbed tax allowances, if any, can be utilised to offset future taxable income. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of action. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

Given the wide range of international business arrangements, the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate adjustments to tax income and expense in future periods. The Group and the Company establish reasonable provision for possible consequences of audits by the tax authorities of the respective countries. The amount of such provisions and/or its subsequent reversals is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group and Company domicile. The carrying amounts of current income tax payable, deferred tax assets, tax recoverable and deferred tax liabilities of the Group and of the Company as at 30 September 2015 and 30 September 2014 are as disclosed in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

**3.2 Key sources of estimation uncertainty (Continued)**

*(iv) Allowance for doubtful receivables*

The management establishes allowance for doubtful receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required.

The carrying amounts of the Group and the Company's trade and other receivables excluding prepayments, deposits for purchase of property, plant and equipment and advances to suppliers as at 30 September 2015 were approximately RM56,415,000 and RM230,122,000 (2014: RM101,130,000 and RM234,438,000), respectively.

*(v) Inventories and related allowance*

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" method. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 30 September 2015 was approximately RM37,637,000 (2014: RM40,164,000).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Factory buildings	Plant and machinery	Cold room and freezer	Lab equipment	Furniture and fittings	Store equipment	Renovation	Motor vehicles	Office equipment	Computer system	Assets under construction	Total
<b>2015</b>													
<b>Cost</b>													
At 1 October 2014	10,053	17,813	81,856	5,150	334	4,323	6,550	9,503	10,556	2,969	1,659	7	150,773
Additions	-	-	1,242	805	79	1,406	6,385	4,236	1,617	881	257	-	16,908
Currency realignment	-	33	3,975	-	22	76	-	205	8	159	141	6	4,625
Reclassification	-	-	-	-	-	13	-	-	-	-	-	(13)	-
Classified as non-current assets held for sale (Note 14)	-	(1,940)	-	-	-	-	-	-	-	-	-	-	(1,940)
Disposals	-	-	(5,871)	-	-	(145)	-	(220)	(718)	(1,181)	-	-	(8,135)
Written off	-	-	(27)	-	-	-	-	-	(77)	(3)	-	-	(107)
At 30 September 2015	10,053	15,906	81,175	5,955	435	5,673	12,935	13,724	11,386	2,825	2,057	-	162,124
<b>Accumulated depreciation</b>													
At 1 October 2014	-	2,836	20,736	956	138	1,102	1,204	1,293	5,759	968	1,038	-	36,030
Depreciation for the financial year	-	694	5,212	646	54	554	1,839	1,114	1,655	430	46	-	12,244
Currency realignment	-	33	1,375	-	12	55	-	15	5	14	88	-	1,597
Classified as non-current assets held for sale (Note 14)	-	(1,758)	-	-	-	-	-	-	-	-	-	-	(1,758)
Disposals	-	-	(2,539)	-	-	(94)	-	(82)	(512)	(168)	-	-	(3,395)
Written off	-	-	(2)	-	-	-	-	-	(77)	(1)	-	-	(80)
At 30 September 2015	-	1,805	24,782	1,602	204	1,617	3,043	2,340	6,830	1,243	1,172	-	44,638
<b>Impairment</b>													
At 1 October 2014	-	-	20,785	-	-	39	-	115	19	874	-	-	21,832
Write back of impairment	-	-	(2,551)	-	-	(39)	-	(115)	(19)	(874)	-	-	(3,598)
At 30 September 2015	-	-	18,234	-	-	-	-	-	-	-	-	-	18,234
<b>Carrying amount</b>													
At 30 September 2015	10,053	14,101	38,159	4,353	231	4,056	9,892	11,384	4,556	1,582	885	-	99,252

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2014 Cost	Freehold land RM'000	Factory buildings RM'000	Plant and machinery RM'000	Cold room and freezer RM'000	Lab equipment RM'000	Furniture and fittings RM'000	Store equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Computer system RM'000	Assets under construction	
												RM'000	Total RM'000
At 1 October 2013	39,003	88,788	242,219	5,906	1,892	5,034	-	12,290	18,405	7,148	2,233	8,446	431,364
Additions	-	1,835	7,600	1,968	155	1,603	3,161	4,203	2,839	988	32	302	24,686
Currency realignment	-	(111)	(2,267)	-	(18)	(43)	-	(187)	(11)	(54)	(64)	(6)	(2,761)
Reclassification	-	2,835	1,906	(431)	-	(72)	3,389	237	-	(2,488)	(515)	(4,861)	-
Disposal of subsidiaries	(28,950)	(75,534)	(166,666)	(2,184)	(1,695)	(2,188)	-	(6,981)	(9,257)	(2,551)	(27)	(3,874)	(299,917)
Disposals	-	-	(756)	(15)	-	-	-	-	(1,342)	-	-	-	(2,113)
Written off	-	-	(180)	(94)	-	(11)	-	(59)	(68)	(74)	-	-	(486)
At 30 September 2014	10,053	17,813	81,856	5,150	334	4,323	6,550	9,503	10,556	2,969	1,659	7	150,773
<b>Accumulated depreciation</b>													
At 1 October 2013	-	10,644	69,131	1,222	1,090	1,608	-	1,070	8,608	2,099	1,382	-	96,854
Depreciation for the financial year	-	2,356	19,161	705	182	602	979	1,026	2,852	660	37	-	28,560
Currency realignment	-	(73)	(695)	-	(8)	(44)	-	(14)	8	(11)	(37)	-	(874)
Reclassification	-	-	-	(9)	-	-	225	7	-	101	(324)	-	-
Disposal of subsidiaries	-	(10,091)	(66,049)	(896)	(1,126)	(1,057)	-	(747)	(4,600)	(1,811)	(20)	-	(86,397)
Disposals	-	-	(673)	(3)	-	-	-	-	(1,042)	-	-	-	(1,718)
Written off	-	-	(139)	(63)	-	(7)	-	(49)	(67)	(70)	-	-	(395)
At 30 September 2014	-	2,836	20,736	956	138	1,102	1,204	1,293	5,759	968	1,038	-	36,030
<b>Impairment</b>													
Impairment loss recognised	-	-	20,785	-	-	39	-	115	19	874	-	-	21,832
<b>Carrying amount</b>													
At 30 September 2014	10,053	14,977	40,335	4,194	196	3,182	5,346	8,095	4,778	1,127	621	7	92,911



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computer system RM'000
<b>Company</b>	
<b>2015</b>	
<b>Cost</b>	
At 1 October 2014	108
Currency realignment	23
At 30 September 2015	131
<b>Accumulated depreciation</b>	
At 1 October 2014	93
Depreciation for the financial year	3
Currency realignment	20
At 30 September 2015	116
<b>Carrying amount</b>	
At 30 September 2015	15
<b>2014</b>	
<b>Cost</b>	
At 1 October 2013	109
Currency realignment	(1)
At 30 September 2014	108
<b>Accumulated depreciation</b>	
At 1 October 2013	91
Depreciation for the financial year	3
Currency realignment	(1)
At 30 September 2014	93
<b>Carrying amount</b>	
At 30 September 2014	15

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the financial year, the Group acquired property, plant and equipment as follows:

	2015 RM'000	2014 RM'000
Additions of property, plant and equipment	16,908	24,686
Acquired under finance lease	(8,756)	(4,757)
Cash payments made to acquire property, plant and equipment	8,152	19,929

Included in property, plant and equipment are the following assets acquired under finance lease arrangements:

	Group	
	2015 RM'000	2014 RM'000
<b>Carrying amount</b>		
Plant and machinery	282	347
Motor vehicles	3,476	3,470
Office equipment	519	-
Store equipment	10,403	4,649
	14,680	8,466

Assets under construction represent costs of the assets work-in-progress.

As at 30 September 2015, information relating to the Group's freehold properties are as follows:

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
<b>Trading and Frozen Food Division</b>				
Lot 55, Hicom Glenmarie Industrial Park, Selangor, Malaysia	Warehouse	Office, warehouse, cold room and processing factory	68,674	43,200
Lot 1-3-1, Sri Kerjaya Apartment, Shah Alam, Selangor, Malaysia	Apartment	Staff quarters	-	883
Lot 1-3-3, Sri Kerjaya Apartment, Shah Alam, Selangor, Malaysia	Apartment	Staff quarters	-	893
49, Lorong Wong Ah Jang, Kuantan, Pahang, Malaysia	Shop office	Cold room and Office	1,560	2,976

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>Location</b>	<b>Description</b>	<b>Existing use</b>	<b>Gross land area (sq ft)</b>	<b>Gross floor area (sq ft)</b>
<b>Trading and Frozen Food Division (Continued)</b>				
Lot 1237 & 1238, Jalan Makloom, Pulau Pinang, Malaysia	Industrial land	Office, warehouse and cold room	12,202	16,860
3, Jalan Bertam 6, Taman Daya, 81100 Johor Bahru, Johor, Malaysia	Industrial warehouse	Cold room and Office	2,400	3,300
1, Jalan Bertam 6, Taman Daya, 81100 Johor Bahru, Johor, Malaysia	Industrial warehouse	Cold room	4,690	3,200
7, Jalan Bertam 6, Taman Daya, 81100 Johor Bahru, Johor, Malaysia	Industrial warehouse	Cold room	2,400	2,400
<b>Food Processing Division</b>				
Lot 17225, Jalan Haruan 6, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan, Malaysia	Industrial land	Factory building	64,810	29,550
PT 4974, Jalan Haruan 8, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan, Malaysia	Industrial land	Factory building	53,346	36,258

In the previous financial year, the Group carried out a review of the recoverable amount of plant and equipment of its bakery and noodles business due to deterioration in operating results following the loss of a key customer for bakery business and the continuing adverse operating results from the noodles business. The review led to the recognition of an impairment loss mainly on plant and equipment of approximately RM21,832,000 that has been recognised in profit or loss and included in "other operating expenses". The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 8.35%.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

5. PREPAID LEASE PAYMENT FOR LAND

	Group	
	2015 RM'000	2014 RM'000
<b>Cost</b>		
At 1 October	4,184	38,367
Disposal of subsidiaries	-	(34,124)
Currency realignment	-	(59)
Classified as non-current assets held for sale (Note 14)	(4,184)	-
At 30 September	-	4,184
<b>Accumulated amortisation</b>		
At 1 October	-	1,818
Amortisation for the financial year	-	604
Disposal of subsidiaries	-	(2,481)
Currency realignment	-	59
At 30 September	-	-
<b>Carrying amount</b>		
At 30 September	-	4,184

Prepaid lease payment for land comprises upfront lump-sum payments made for long-term leasehold land.

The information relating to the Group's prepaid lease payment for land is as follows:

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
<b>Others Division</b>				
Jalan Industri, District of Klari, City of Karawang, Province of West Java, Indonesia	Industrial land	Factory building	515,376	125,378

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

6. INVESTMENTS IN SUBSIDIARIES

6.1 Investments in subsidiaries comprise:

	Company	
	2015 RM'000	2014 RM'000
Unquoted equity shares in corporations, at cost	600	1,600
Issuance of financial guarantee contracts	1,877	92
Issuance of share options to Group's employees	511	511
	2,988	2,203

6.2 Particulars of subsidiaries

Name of company (Country of incorporation/principal place of business)	Principal activities	Effective equity held by the Group	
		2015 %	2014 %
<b>Held by the Company</b>			
Polygold Holdings Sdn Bhd <sup>(2)</sup> (Malaysia)	Investment holding	100	100
Envictus Brands Pte Ltd <sup>(1)</sup> (Singapore)	Collecting royalties for the brands that it owns	100	100
Envictus Capital (Labuan) Inc. <sup>(2)</sup> (Malaysia)	Intra-group lending and investment holding	100	100
Envictus Foods International Inc. <sup>(2)</sup> (Malaysia)	Investment holding	100	100
Envictus Foods (M) Sdn Bhd <sup>(2)</sup> (Malaysia)	Investment holding	100	100
Envictus IT Services Sdn Bhd <sup>(2)</sup> (Malaysia)	IT service	100	100
Envictus NZ Limited <sup>(3)</sup> (New Zealand)	Investment holding	100	100
Eureka Capital Sdn Bhd <sup>(2)</sup> (Malaysia)	Providing management services and property investment	100	100
Glenland Sdn Bhd <sup>(2)</sup> (Malaysia)	Investment holding	100	100
Platinum Appreciation Sdn Bhd <sup>(2)</sup> (Malaysia)	Investment holding	100	100



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/principal place of business)	Principal activities	Effective equity held by the Group	
		2015 %	2014 %
<b>Held by the subsidiaries</b>			
<b>- Envictus Capital (Labuan) Inc.</b>			
PT Sentrafood Indonusa <sup>(4)(5)</sup> (Indonesia)	Dormant	100	100
<b>- Envictus Foods (M) Sdn Bhd</b>			
Pok Brothers Sdn Bhd <sup>(2)</sup> (Malaysia)	Wholesalers of foodstuff, provision and frozen meat	100	100
De-luxe Food Services Sdn Bhd <sup>(2)</sup> (Malaysia)	Manufacturer and distributor of convenient value added frozen food and bakery products	100	100
Gourmessa Sdn Bhd <sup>(2)</sup> (Malaysia)	Manufacturing of convenient value added frozen food	100	-
<b>- Polygold Holdings Sdn Bhd</b>			
Polygold Beverages Sdn Bhd <sup>(2)</sup> (Malaysia)	Manufacturing and distribution of beverage products	100	100
Polygold Marketing Sdn Bhd <sup>(2)</sup> (Malaysia)	Marketing and distribution of food and beverage products	100	100
Polygold Foods Sdn Bhd <sup>(2)</sup> (Malaysia)	Dormant	100	100
<b>- Envictus NZ Limited</b>			
Envictus Dairies NZ Limited <sup>(3)</sup> (New Zealand)	Manufacturing of dairies and water based products	72.3	72.3
Naturalac Nutrition Limited <sup>(3)</sup> (New Zealand)	Marketing of branded sport nutrition and weight management foods	100	100
Naturalac Nutrition (UK) Limited <sup>(6)</sup> (United Kingdom)	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/principal place of business)	Principal activities	Effective equity held by the Group	
		2015 %	2014 %
<b>Held by the subsidiaries (Continued)</b>			
<b>- Pok Brothers Sdn Bhd</b>			
Pok Brothers (Johor) Sdn Bhd <sup>(2)</sup> (Malaysia)	Wholesalers of foodstuff, provision and frozen meat	100	100
Pok Brothers (Selangor) Sdn Bhd <sup>(2)</sup> (Malaysia)	Dormant	100	100
<b>- De-luxe Food Services Sdn Bhd</b>			
Daily Fresh Bakery Sdn Bhd <sup>(2)</sup> (Malaysia)	Trading of cakes, breads, biscuits and confectioneries	100	100
Family Bakery Sdn Bhd <sup>(2)</sup> (Malaysia)	Manufacturing and trading of cakes, breads, biscuits and confectioneries	100	100
<b>- Platinum Appreciation Sdn Bhd</b>			
Texas Chicken (Malaysia) Sdn Bhd <sup>(2)</sup> (Malaysia)	Quick service restaurant	100	100
Hot Bun Food Industries Sdn Bhd <sup>(2)</sup> (Malaysia)	Dormant	100	100

<sup>(1)</sup> Audited by BDO LLP, Singapore, a member firm of BDO International Limited.

<sup>(2)</sup> Audited by BDO, Malaysia, a member firm of BDO International Limited.

<sup>(3)</sup> Audited by BDO Auckland, New Zealand, a member firm of BDO International Limited.

<sup>(4)</sup> Audited by Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan, a member of Crowe Horwath.

<sup>(5)</sup> Envictus Capital (Labuan) Inc. and Envictus Foods International Inc. holds 68% and 32%, respectively.

<sup>(6)</sup> Exempted from audit under Section 480 of the Companies Act 2006 (United Kingdom) relating to dormant company.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.3 Non-controlling interest

Summarised financial information in relation to Envictus Dairies NZ Limited that has non-controlling interests ("NCI") of 27.7% (2014: 27.7%) that is material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:

	2015 RM'000	2014 RM'000
<b>Summarised Statement of Comprehensive Income for the year</b>		
Revenue	10,827	6,998
Loss before tax	(8,337)	(16,217)
Income tax expense	(3,212)	(1,672)
Loss after tax	(11,549)	(17,889)
Loss allocated to NCI, representing total comprehensive income allocated to NCI	(3,199)	(4,955)
<b>Summarised Statement of Cash Flows for the financial year:</b>		
Cash flows from operating activities	(3,652)	(8,688)
Cash flows from investing activities	(239)	(771)
Cash flows from financing activities	3,749	9,592
Net cash (outflows)/inflows	(142)	133
<b>Summarised Statement of Financial Position as at 30 September:</b>		
<b>Assets:</b>		
Current assets	1,348	1,213
Non-current assets	17,696	20,899
Total assets	19,044	22,112
<b>Liabilities:</b>		
Current liabilities	39,508	32,726
Non-current liabilities	1,699	-
Total liabilities	41,207	32,726
Net liabilities	(22,163)	(10,614)
<b>Attributable to:</b>		
Owners of the Company	(16,024)	(7,674)
Accumulated non-controlling interests	(6,139)	(2,940)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

#### 6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

##### 6.4 Additional investment in subsidiary in financial year 2015

On 1 October 2014, the Group acquired a shelf company incorporated on 18 September 2014, namely Gourmessa Sdn Bhd ("GSB") by acquiring 2 new ordinary shares in the capital of GSB at an issue price of RM1 per share or a total subscription amount of RM2. GSB's principal activity is to manufacture and distribute convenient value-added frozen food.

##### 6.5 Additional investment in subsidiary in the previous financial year 2014

On 27 February 2014, a wholly owned subsidiary, Envictus NZ Limited, which held 63.4% equity interest in Envictus Dairies NZ Limited ("EDNZ"), had subscribed for an additional 1,936,768 new ordinary shares in the share capital of EDNZ pursuant to a right issue exercise undertaken by EDNZ at an issue price of NZ\$1 per share or a total subscription amount of NZ\$1,936,768 (equivalent to approximately RM4,943,000), thereby increasing the effective shareholding of the Group in EDNZ to 72.3%. The difference between the subscription amount and the carrying value of the additional interest acquired has been recognised as Acquisition of non-controlling interests without a change in control.

##### 6.6 Internal restructuring exercise of the Group

On 8 January 2015, the Company entered into a sale and purchase agreement with, wholly owned subsidiary, Polygold Holdings Sdn Bhd for the disposal of 1,000,000 ordinary shares representing 100% equity in Polygold Beverages Sdn Bhd for a total consideration of RM6,270,000.

##### 6.7 Disposal of subsidiaries in the previous financial year 2014

On 30 June 2014, the Group disposed off its dairies and packaging business comprising the entire interest in the following subsidiaries to an unrelated third party for cash consideration of USD299,952,000, equivalent to approximately RM964,167,000:

- (i) Etika Dairies Sdn Bhd;
- (ii) Etika Global Resources Sdn Bhd;
- (iii) Etika Foods Marketing Sdn Bhd;
- (iv) General Packaging Sdn Bhd;
- (v) Golden Difference Sdn Bhd and its subsidiaries, namely Susu Lembu Asli Marketing Sdn Bhd, Susu Lembu Asli (Johore) Sdn Bhd and Etika Consumer Sdn Bhd;
- (vi) Etika Vixumilk Pte Ltd;
- (vii) Etika Foods (Singapore) Pte Ltd and its subsidiary, namely Etika Foods (Vietnam) Co., Ltd;
- (viii) PT Etika Marketing;
- (ix) PT Vixon Indonesia;
- (x) PT Etika Indonesia;
- (xi) PT Sentraboga Intiselera; and
- (xii) Tan Viet Xuan Production Joint Stock Company.

The Group's control of the said subsidiaries was passed to the acquirer on 30 June 2014.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

**6.7 Disposal of subsidiaries in the previous financial year 2014 (Continued)**

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

	<b>Carrying amount RM'000</b>
Property, plant and equipment	213,520
Prepaid lease payment for land	31,643
Intangible assets	35,891
Deferred tax assets	1,160
Inventories	96,293
Trade and other receivables	124,234
Derivative financial instruments	16
Tax recoverable	5,558
Cash and bank balances	23,718
	<hr/> 532,033
Trade and other payables	86,339
Bank borrowings	270,966
Finance lease payables	3,580
Derivative financial instruments	13
Income tax payable	3,494
Deferred tax liabilities	19,190
	<hr/> 383,582
Net identifiable assets	<hr/> 148,451

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

	<b>2014 RM'000</b>
Consideration for the disposal of subsidiaries	964,167
Less: Net debts and working capital adjustment in accordance with agreement	(234,987)
Net consideration receivable	729,180
Net identifiable assets disposed (as above)	(148,451)
Reclassification of currency translation reserve on disposal	(7,453)
Gain on disposal	<hr/> 573,276
Net consideration receivable	729,180
Less: Cash and cash equivalents disposed	(23,718)
Adjustment amount of sale consideration receivable (Note 11)	(55,693)
Net cash inflow on disposal	<hr/> 649,769

For further disclosures of discontinued operations, please refer to Note 28 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2015 RM'000	2014 RM'000
<b>At fair value</b>		
At 1 October	285	233
Fair value (loss)/gain recognised directly in other comprehensive income	(120)	52
At 30 September	165	285

Available-for-sale financial assets represent investments in quoted equity shares in Malaysia and are denominated in Ringgit Malaysia. It has no fixed maturity date or coupon rate. The fair value is based on quoted market prices.

8. DEFERRED TAX ASSETS

	Group	
	2015 RM'000	2014 RM'000
At 1 October	3,622	13,660
Currency realignment	173	(693)
Recognised in consolidated statement of comprehensive income	(2,831)	(8,185)
Disposal of subsidiaries	-	(1,160)
At 30 September	964	3,622

The following are the deferred tax assets recognised by the Group and movements thereon during the financial year.

	Property, plant and equipment RM'000	Unutilised tax losses RM'000	Other deductible temporary differences RM'000	Total RM'000
<b>Group</b>				
At 1 October 2013	572	11,638	1,450	13,660
Currency realignment	(124)	(417)	(152)	(693)
Recognised in consolidated statement of comprehensive income	240	(7,731)	(694)	(8,185)
Disposal of subsidiaries	(326)	(625)	(209)	(1,160)
At 1 October 2014	362	2,865	395	3,622
Currency realignment	1	167	5	173
Recognised in consolidated statement of comprehensive income	-	(2,585)	(246)	(2,831)
At 30 September 2015	363	447	154	964

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

8. DEFERRED TAX ASSETS (CONTINUED)

	Group	
	2015 RM'000	2014 RM'000
<b>Deferred tax assets not recognised</b>		
At 1 October	20,241	1,601
Deferred tax assets not recognised during the financial year	10,950	18,640
At 30 September	31,191	20,241

At the end of the financial year, the above deferred tax assets not recognised comprises unutilised tax losses and other temporary differences of approximately RM92,253,000 (2014: RM55,183,000) and RM27,666,000 (2014: RM21,551,000) respectively and are available for set-off against future taxable profits. No deferred tax asset has been recognised in respect of these items due to the unpredictability of the profit streams. The unutilised tax losses are subject to agreement by relevant tax authorities. These deductible temporary differences do not expire under current tax legislation.

9. INTANGIBLE ASSETS

	Goodwill RM'000	Patents and trademarks RM'000	Computer software RM'000	Franchise fees* RM'000	Total RM'000
<b>Group</b>					
<b>2015</b>					
<b>Cost</b>					
At 1 October 2014	14,932	20,062	1,174	2,395	38,563
Additions	-	-	410	498	908
Disposals	-	-	(57)	-	(57)
Currency realignment	339	-	48	-	387
At 30 September 2015	15,271	20,062	1,575	2,893	39,801
<b>Accumulated amortisation</b>					
At 1 October 2014	-	-	817	372	1,189
Amortisation for the financial year	-	-	138	224	362
Disposals	-	-	(57)	-	(57)
Currency realignment	-	-	37	-	37
At 30 September 2015	-	-	935	596	1,531
<b>Impairment</b>					
At 1 October 2014	10,890	11,951	-	-	22,841
Currency realignment	339	-	-	-	339
At 30 September 2015	11,229	11,951	-	-	23,180
<b>Carrying amount</b>					
At 30 September 2015	4,042	8,111	640	2,297	15,090

\* The remaining useful life of the franchise fees is between 7 to 20 years.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

9. INTANGIBLE ASSETS (CONTINUED)

	Goodwill RM'000	Patents and trademarks RM'000	Product licences RM'000	Computer software RM'000	Franchise fees RM'000	Total RM'000
<b>Group</b>						
<b>2014</b>						
<b>Cost</b>						
At 1 October 2013	60,183	50,512	7	1,876	1,876	114,454
Additions	-	-	-	47	519	566
Disposals	-	(40,042)	-	-	-	(40,042)
Disposal of subsidiaries	(45,333)	9,592	(7)	(747)	-	(36,495)
Currency realignment	82	-	-	(2)	-	80
At 30 September 2014	14,932	20,062	-	1,174	2,395	38,563
<b>Accumulated amortisation</b>						
At 1 October 2013	-	-	7	1,134	175	1,316
Amortisation for the financial year	-	-	-	280	197	477
Disposal of subsidiaries	-	-	(7)	(597)	-	(604)
At 30 September 2014	-	-	-	817	372	1,189
<b>Impairment</b>						
Impairment for the financial year	10,890	11,951	-	-	-	22,841
<b>Carrying amount</b>						
At 30 September 2014	4,042	8,111	-	357	2,023	14,533

	Computer software	
	2015 RM'000	2014 RM'000
<b>Company</b>		
<b>Cost</b>		
At 1 October	227	229
Currency realignment	49	(2)
At 30 September	276	227
<b>Accumulated amortisation</b>		
At 1 October	169	136
Amortisation for the financial year	7	34
Currency realignment	37	(1)
At 30 September	213	169
<b>Carrying amount</b>		
At 30 September	63	58

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**9. INTANGIBLE ASSETS (CONTINUED)**

During the financial year, the Group through its subsidiary, had paid a franchise fee in relation to territory and new stores of RM Nil (2014: RM290,000) and RM498,000 (2014: RM229,000), respectively which is in accordance with the International Multiple Unit Franchise Agreement to develop and operate "Texas Chicken" restaurants over 10 to 20 years in Malaysia.

Patents and trademarks relate to various trademarks under the brand names of Horleys, Salam Mie, Family and Daily Fresh acquired through business combinations in previous financial years. In the previous financial year, the Group disposed various trademarks that included those under the brand names of Dairy Champ, Goodday and Vixumilk for cash consideration amounting to USD23,112,000 as part of the disposal of subsidiaries (Note 6), equivalent to approximately RM74,290,000 and realised a gain of approximately RM34,248,000.

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

	<b>2014</b>
	<b>RM'000</b>
Cash proceeds from disposal	74,290
Less: Carrying amount of trademarks	(40,042)
Gain on disposal	34,248
Net cash inflow on disposal	74,290

The useful lives of the patents and trademarks are estimated to be indefinite because based on the current market share of the patents and trademarks, management believes that there is no foreseeable limit to the period over which the patents and trademarks are expected to generate net cash flow for the Group. As such there is no amortisation of the costs of patents and trademarks.

*Impairment testing of goodwill, patents and trademarks and other intangible assets*

Goodwill acquired in a business combination is allocated to the cash generating units ("CGUs") that are expected to benefit from that business combination.

The Group test the CGUs for impairment annually, or more frequently when there is an indication that the unit may be impaired.

In the previous financial year, the operating units in the bakery and nutrition business made an impairment of goodwill and patents and trademarks of approximately RM10,890,000 and RM11,951,000, respectively due mainly to the continuing adverse operating performance of the respective CGUs. The impairment of goodwill and patents and trademarks have been included under "other operating expenses".

For presentation purposes, the carrying amounts of goodwill, patents and trademarks and other intangible assets allocated to the respective CGUs have been grouped to the following segments:

- (a) Trading and Frozen Food Division;
- (b) Food Services Division;
- (c) Nutrition Division;
- (d) Food Processing Division; and
- (e) Others Division.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

9. INTANGIBLE ASSETS (CONTINUED)

	Trading and Frozen Food RM'000	Food Services RM'000	Nutrition RM'000	Food Processing RM'000	Others RM'000	Total RM'000
<b>2015</b>						
<b>Carrying amount</b>						
Goodwill	4,042	-	-	-	-	4,042
Patents and trademarks	-	-	8,111	-	-	8,111
Computer software	205	-	-	373	62	640
Franchise fees	-	2,297	-	-	-	2,297
	4,247	2,297	8,111	373	62	15,090
<b>2014 (restated)</b>						
<b>Carrying amount</b>						
Goodwill	4,042	-	-	-	-	4,042
Patents and trademarks	-	-	8,111	-	-	8,111
Computer software	164	-	-	135	58	357
Franchise fees	-	2,023	-	-	-	2,023
	4,206	2,023	8,111	135	58	14,533

The recoverable amount of the CGUs are determined from value in use calculations based on forecasts derived from the most recent cash flow projections approved by management for the 5-years. The key assumptions for these value-in-use calculations are those regarding the discount rates, growth rates and gross margins.

	Trading and Frozen Food %	Food Services %	Nutrition %	Food Processing %
<b>2015</b>				
Gross margin <sup>(1)</sup>	16.84	54.67	43.50	20.76
Growth rate <sup>(2)</sup>	12.00	42.16	2.44	12.75
Discount rate <sup>(3)</sup>	7.85	7.60	5.50	9.31
<b>2014 (restated)</b>				
Gross margin <sup>(1)</sup>	18.63	53.00	43.56	21.00
Growth rate <sup>(2)</sup>	12.00	57.23	3.15	14.17
Discount rate <sup>(3)</sup>	7.85	7.00	7.25	9.81

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

<sup>(2)</sup> Average growth rate used to extrapolate cash flows for the 5-year period.

<sup>(3)</sup> Pre-tax discount rate applied to the cash flow projections.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

#### 9. INTANGIBLE ASSETS (CONTINUED)

##### *Key assumptions used in the value in use calculations*

The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

**Budgeted gross margins** – Gross margins are based on average values achieved in the five years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

**Growth rates** – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

**Pre-tax discount rates** – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

##### *Sensitivity to changes in assumptions*

Management believes that changes in any of the above key assumptions by 10% would not cause the carrying amounts of the respective CGUs to be materially different from their recoverable amount.

The Horleys trademark with a carrying amount of approximately RM8,111,000 (2014: RM8,111,000) has been pledged to financial institutions for banking facilities granted to a subsidiary as disclosed in Note 16 to the financial statements.

#### 10. INVENTORIES

	Group	
	2015	2014
	RM'000	RM'000
Finished goods	32,162	34,330
Raw materials	1,956	3,242
Packaging materials	2,188	3,249
Work in progress	18	109
Consumables	1,663	921
	37,987	41,851
Allowance for write down of inventories	(350)	(1,687)
	37,637	40,164

The cost of inventories recognised as an expense and included in "cost of goods sold" in the consolidated statement of comprehensive income amounted to RM234,052,000 (2014: RM237,243,000).



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**10. INVENTORIES (CONTINUED)**

The allowance provided during the financial year of RM350,000 (2014: RM1,687,000) pertains to the slow moving inventories.

As at the end of the financial year, the Group's inventories with a carrying amount of approximately RM5,723,000 (2014: RM5,992,000) is subject to a floating charge for the banking facilities granted to a subsidiary (Note 16).

**11. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current receivables</b>				
Trade receivables	55,919	45,097	-	-
Allowance for doubtful trade receivables	(4,406)	(4,602)	-	-
	51,513	40,495	-	-
Other receivables	1,605	58,316	154	57,741
Allowance for doubtful other receivables	(41)	(42)	-	-
	1,564	58,274	154	57,741
Prepayments	3,178	2,354	-	6
Deposits	3,338	2,361	54	44
Advances to suppliers	1	3,428	-	-
	6,517	8,143	54	50
Due from subsidiaries				
- non-trade	-	-	295,028	218,637
Allowance for doubtful debts	-	-	(65,114)	(41,984)
	-	-	229,914	176,653
	59,594	106,912	230,122	234,444
<b>Non-current receivables</b>				
Deposits for purchase of property, plant and equipment	36,359	-	-	-
Total trade and other receivables	95,953	106,912	230,122	234,444

The trade amounts owing by third parties are repayable within the normal trade credit terms of 30 to 60 days (2014: 30 to 60 days). In the opinion of the management, based on the review of the trade receivables, including balances that are outstanding for more than 90 days, allowance for doubtful receivables as at 30 September 2015 is adequate.

In the previous financial year, other receivables comprise mainly the adjustment amount of the sale consideration receivable in relation to the disposal of certain subsidiaries (Note 6). The amount has been received during the financial year.

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**11. TRADE AND OTHER RECEIVABLES (CONTINUED)**

Allowance for doubtful trade receivables which are individually determined to be impaired arose mainly from customers who have difficulty in settling the amount due. Write back of allowance no longer required is due to amount recovered during the financial year.

Movements in the allowance for doubtful trade receivables are as follows:

	Group	
	2015 RM'000	2014 RM'000
At 1 October	4,602	13,325
Currency realignment	380	(131)
Allowance made during the financial year	300	1,763
Write back of allowance no longer required	(293)	(994)
Bad receivables written off against allowance	(583)	(2,944)
Disposal of subsidiaries	-	(6,417)
At 30 September	4,406	4,602

Movements in the allowance for doubtful other receivables are as follows:

	Group	
	2015 RM'000	2014 RM'000
At 1 October	42	316
Currency realignment	-	2
Allowance made during the financial year	-	42
Write back of allowance no longer required	(1)	-
Bad receivables written off against allowance	-	(318)
At 30 September	41	42

During the financial year, the Company has provided allowance for doubtful receivables on amount due from subsidiaries of RM23,130,000 (2014: RM41,984,000) due to the continuous losses incurred by the concerned subsidiaries which may result to their inability to settle the receivables.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**11. TRADE AND OTHER RECEIVABLES (CONTINUED)**

The currency profiles of the Group's and Company's trade and other receivables (excluding prepayments, advances to suppliers and deposits for purchase of property, plant and equipment) as at 30 September are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	50,181	36,626	113,171	90,065
Singapore Dollar	215	290	40,986	37,337
United States Dollar	23	58,116	43,241	78,472
Indonesian Rupiah	-	223	-	-
New Zealand Dollar	4,011	2,857	26,662	23,592
Australian Dollar	1,985	3,018	-	-
British Pound Sterling	-	-	1,044	820
Euro	-	-	5,018	4,152
	56,415	101,130	230,122	234,438

**12. HELD-FOR-TRADING INVESTMENTS**

	Group and Company	
	2015 RM'000	2014 RM'000
Quoted equity securities <sup>(1)</sup>	79,810	16,202
Quoted fixed income <sup>(2)</sup>	2,245	-
Unit trust <sup>(3)</sup>	24,684	-
Bond <sup>(3)</sup>	8,890	-
	115,629	16,202

<sup>(1)</sup> Traded in United States, Singapore and Hong Kong Stock Exchanges

<sup>(2)</sup> Traded in Australia and Singapore Stock Exchanges

<sup>(3)</sup> Traded in various countries

The currency profiles of the Group's and Company's held-for-trading investments as at 30 September are as follows:

	Group and Company	
	2015 RM'000	2014 RM'000
Singapore Dollar	35,876	14,595
United States Dollar	64,958	1,607
Hong Kong Dollar	6,820	-
Australian Dollar	6,610	-
Chinese Renminbi	1,365	-
	115,629	16,202

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**13. FIXED DEPOSIT AND CASH AND BANK BALANCES**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed deposit with a bank	255	-	-	-
Cash and bank balances	96,471	144,047	48,209	117,340
Total	96,726	144,047	48,209	117,340
Pledged fixed deposit	(255)	-	-	-
Cash and cash equivalents, per consolidated statement of cash flows	96,471	144,047	48,209	117,340

Fixed deposit is placed for a period of 180 days and the effective interest rates on the fixed deposits ranged from 3.9% to 4.3% per annum. The total fixed deposits of RM255,000 was pledged as security for the banking facility granted to a subsidiary (Note 16).

The currency profiles of the Group's and Company's fixed deposit and cash and bank balances as at 30 September are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	51,717	47,528	6,310	27,833
Singapore Dollar	32,132	5,438	30,734	5,327
United States Dollar	33	83,613	31	83,457
New Zealand Dollar	1,277	2,609	223	723
Australian Dollar	10,536	752	10,249	-
Indonesian Rupiah	369	4,107	-	-
Hong Kong Dollar	629	-	629	-
Chinese Renminbi	33	-	33	-
	96,726	144,047	48,209	117,340

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**14. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

The non-current assets classified as held for sale in the current financial year relates to prepaid lease payment for land and building that management committed to sell and for which, an active programme to locate a buyer was undertaken during the year. Subsequent to the financial year end, management had secured a buyer as disclosed in Note 35 to the financial statements.

The details of non-current assets classified as held-for sale are as follows:

	Group	
	2015 RM'000	2014 RM'000
Prepaid lease payment for land (Note 5)	4,184	-
Building (Note 4)	182	-
	4,366	-

There are no items in statement of comprehensive income relating to non-current assets classified as held for sale.

As at the end of the financial year, the non-current assets classified as held for sale as disclosed above are denominated in Indonesian Rupiah.

**15. TRADE AND OTHER PAYABLES**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current liabilities</b>				
Trade payables – third parties	15,064	15,508	-	-
GST payables	449	1,091	-	-
Provision for employee benefits	395	1,079	-	-
Other payables	5,354	21,595	767	222
Customers' deposits	-	3,258	-	-
Accruals	13,391	15,081	4,268	5,997
Due to subsidiaries – non-trade	-	-	157,865	161,815
Total trade and other payables	34,653	57,612	162,900	168,034

The average credit period on purchases of goods is 7 to 60 days (2014: 7 to 90 days).

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

**15. TRADE AND OTHER PAYABLES (CONTINUED)**

The currency profiles of the Group's and Company's trade and other payables (excluding GST payables and provision for employee benefits) as at 30 September are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	19,810	34,219	412	6,118
Singapore Dollar	4,864	6,103	-	-
United States Dollar	944	831	161,046	161,474
New Zealand Dollar	6,078	6,043	1,292	309
Australian Dollar	984	413	-	-
Indonesian Rupiah	182	6,980	150	133
Others	947	853	-	-
	33,809	55,442	162,900	168,034

**16. BANK BORROWINGS**

	Group	
	2015 RM'000	2014 RM'000
<b>Current liabilities</b>		
<i>Secured:</i>		
Banker's acceptance	36,561	-
Offshore foreign currency loans	3,398	5,870
Term loans	2,384	26
	42,343	5,896
<b>Non-current liabilities</b>		
<i>Secured:</i>		
Offshore foreign currency loans	1,699	-
Term loans	2,576	156
	4,275	156
	46,618	6,052

The carrying amounts of bank borrowings approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or drawdown near the end of the reporting period.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

**16. BANK BORROWINGS (CONTINUED)**

The currency profiles of bank borrowings of the Group's and the Company's as at 30 September are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Ringgit Malaysia	41,521	182
New Zealand Dollar	5,097	5,870
	46,618	6,052

	Group	
	2015	2014
	%	%
<b>Effective interest rates</b>		
Banker's acceptance	3.20 - 4.55	-
Offshore foreign currency loans	5.06 - 5.87	3.82 - 5.87
Term loans	4.35 - 7.35	7.10

Non-current bank borrowings are repayable as follows:

	Group	
	2015	2014
	RM'000	RM'000
After one year	4,174	27
Two to five years	98	96
After five years	3	33
	4,275	156

The Group's bank borrowings as at 30 September 2015 are secured against the following:

- Registered general security agreement over all present and future assets of certain subsidiaries;
- Pledge of Horleys trademark as disclosed in Note 9 to the financial statements;
- Company's Corporate Guarantee, except for a secured term loan of RM158,000 (2014: RM182,000);
- Pledge of inventories of a subsidiary as disclosed in Note 10 to the financial statements; and
- Pledge of land and building upon completion of purchase (Note 11).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**17. FINANCE LEASE PAYABLES**

	Minimum lease payments RM'000	Future finance charges RM'000	Present value of lease payments RM'000
<b>Group</b>			
<b>2015</b>			
Within one year	4,293	(739)	3,554
After one year but within five years	11,000	(955)	10,045
	15,293	(1,694)	13,599
<b>2014</b>			
<b>Current</b>			
Within one year	2,661	(417)	2,244
After one year but within five years	6,072	(501)	5,571
	8,733	(918)	7,815

The finance lease terms range from 1 to 5 years.

The effective interest rates charged during the financial year ranges from 2.32% to 6.37% (2014: 2.32% to 12.69%) per annum. Interest rates are fixed at the contract dates.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the leased assets (Note 4) and certain finance leases are secured by corporate guarantee (Note 18) issued by the Company.

The currency profiles of the Group's finance lease payables as at 30 September are as follows:

	Group	
	2015 RM'000	2014 RM'000
Ringgit Malaysia	13,599	7,795
Indonesian Rupiah	-	20
	13,599	7,815

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**18. FINANCIAL GUARANTEE CONTRACTS**

	Company	
	2015	2014
	RM'000	RM'000
At 1 October	92	7,365
Additional financial guarantee contracts during the year	1,805	-
Reversal of financial guarantee contracts during the year	-	(7,273)
At 30 September	1,897	92

The balance as at 30 September 2015 of RM1,897,000 (2014: RM92,000) represents the fair value of financial guarantee contracts which was discounted at interest rates ranging from 3.3% to 5.06% (2014: 3.3% to 7.2%) per annum for over 1 to 12 years (2014: 5 years).

In the previous financial year, the reversal of financial guarantee contracts were due to settlement of bank borrowings following the disposal of certain subsidiaries (Note 6).

**19. DEFERRED TAX LIABILITIES**

	Group	
	2015	2014
	RM'000	RM'000
At 1 October	3,182	22,378
Currency realignment	1	(264)
Recognised in consolidated statement of comprehensive income	219	258
Disposal of subsidiaries	-	(19,190)
At 30 September	3,402	3,182

The following are the deferred tax liabilities recognised by the Group and movements thereon during the financial year.

	Fair value adjustments on property, plant and equipment RM'000	Property, plant and equipment RM'000	Other taxable temporary differences RM'000	Total RM'000
<b>Group</b>				
At 1 October 2013	5,880	16,111	387	22,378
Currency realignment	(548)	281	3	(264)
Recognised in consolidated statement of comprehensive income	287	301	(330)	258
Disposal of subsidiaries	(4,360)	(14,803)	(27)	(19,190)
At 1 October 2014	1,259	1,890	33	3,182
Currency realignment	-	-	1	1
Recognised in consolidated statement of comprehensive income	-	310	(91)	219
At 30 September 2015	1,259	2,200	(57)	3,402

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

20. SHARE CAPITAL

	Group and Company			
	2015		2014	
	S\$'000	RM'000	S\$'000	RM'000
<b>Issued and fully paid:</b>				
At 1 October	46,526	111,406	41,512	98,470
Issuance of ordinary shares arising from the exercise of share options	-	-	5,014	12,936
At 30 September	46,526	111,406	46,526	111,406

The Company has only one class of ordinary shares which carry no right to fixed income.

The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction.

Share capital does not have a par value.

All of these newly issued ordinary shares rank pari-passu with the existing ordinary shares.

Movements in number of shares issued:

	Group and Company	
	Number of ordinary shares	
	2015	2014
	'000	'000
At 1 October	631,927	614,796
Issuance of ordinary shares arising from the exercise of share options	-	17,131
At 30 September	631,927	631,927

**Treasury shares**

Movement in treasury shares:

	Group and Company			
	Number of treasury shares		Amount	
	2015	2014	2015	2014
	'000	'000	RM'000	RM'000
At 30 September	1,210	1,210	183	183

The total amount paid to repurchase the shares has been deducted from shareholders' equity. The repurchased shares are held as treasury shares.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**20. SHARE CAPITAL (CONTINUED)**

**Invictus Employee Share Options Scheme (“ESOS”)**

Statutory and other information regarding the ESOS is set out below:

- (i) The Remuneration Committee (“the Committee”) may at its discretion, fix the subscription price at a discount up to 20% off market price, or a price equal to the average of the last dealt market prices for the 5 consecutive market days immediately preceding the grant of the options.
- (ii) Consideration for the grant of an option is S\$1.00.
- (iii) Options can be exercised 1 year after grant for market price options and 2 years for discounted options.
- (iv) Options granted expire after 10 years for employees of the Group or such earlier date as may be determined by the Committee.
- (v) Options granted will lapse when participant ceases to be a full-time employee with the Group, subject to certain exceptions at the discretion of the Company.
- (vi) The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the ESOS, shall not exceed 15% of the issued share capital of the Company on the day preceding that date of grant.

Information in respect of the share options granted under the ESOS is as follows:

	2015		2014	
	Number of share options ‘000	Weighted average exercise price S\$	Number of share options ‘000	Weighted average exercise price S\$
Outstanding at 1 October	12,173	0.394	29,304	0.335
Exercised	-	-	(17,131)	0.164
Outstanding at 30 September	12,173	0.394	12,173	0.394
Exercisable as at 30 September	12,173	0.394	12,173	0.394

The fair value of share options as at the date of grant is estimated by an external independent valuer using the Binomial option-pricing model, taking into account the terms and conditions upon which the options were granted. The significant inputs into the model were share prices at date of grant, exercise price, yield, expected volatility, risk-free interest rate and option life expected.

Volatility, measured as the standard deviation of expected share price returns, was based on the average 10-day volatility over one year observation period in accordance with convention laid down by Bank for International Settlements. The inputs to the model used are shown below.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**20. SHARE CAPITAL (CONTINUED)**

**Envictus Employee Share Options Scheme ("ESOS") (Continued)**

<b>Date of grant</b>	<b>Expected dividend yield</b> (%)	<b>Expected volatility</b> (%)	<b>Risk-free interest rate</b> (%)	<b>Expected life of options</b> (years)	<b>Exercise price</b> S\$	<b>Share price at date of grant</b> S\$
10.02.2010	6.82	30	1.54	7	0.164*	0.415
13.10.2010	3.50	20	1.24	7	0.400	0.495

\* exercise price has been adjusted for a bonus issue of one for one on 12 October 2010.

**21. FOREIGN CURRENCY TRANSLATION RESERVE**

The foreign currency translation reserve of the Group represents foreign exchange differences arising from the translation of the financial statements of foreign operations and the Company where functional currencies are different from that of the Group's presentation currency. The foreign exchange reserve of the Company represents foreign exchange differences arising from translation of the financial statements of the Company from its functional currency to its presentation currency. This is non-distributable and the movements in this account are set out in the statements of changes in equity.

**22. FAIR VALUE RESERVE**

The fair value reserve represents the cumulative change in the fair value of available-for-sale financial assets until they are derecognised. Movements in this reserve are set out in the statements of changes in equity.

**23. OTHER RESERVE**

The other reserve represents the premium paid for the acquisition of non-controlling interests in a subsidiary. Movements in this reserve are set out in the statements of changes in equity.

**24. REVENUE**

Revenue represents the invoiced value of goods sold less returns and trade discounts.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

25. FINANCE COSTS

	Group	
	2015 RM'000	2014 RM'000
<b>Continuing operations</b>		
Interest expense		
- bank overdrafts	11	328
- banker's acceptance	706	1,198
- term loans	14	5,243
- offshore foreign currency loans	472	242
- finance lease	577	522
- others	4	755
	1,784	8,288
<b>Discontinued operations</b>		
Interest expense		
- banker's acceptance	-	2,143
- term loans	-	8,871
- offshore foreign currency loans	-	906
- finance lease	-	158
- others	-	75
	-	12,153
	1,784	20,441

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**26. PROFIT/(LOSS) BEFORE INCOME TAX**

In addition to the charges and credits disclosed elsewhere in the financial statements, profit/(loss) before income tax is arrived at after charging/(crediting) the following:

Group	Continuing operations		Discontinued operations		Total	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Advertising and promotions	7,717	10,643	-	6,008	7,717	16,651
Allowance for doubtful receivables	300	1,290	-	515	300	1,805
Amortisation of intangible assets	362	397	-	80	362	477
Amortisation of prepaid lease payment for land	-	-	-	604	-	604
Depreciation of property, plant and equipment	12,244	13,523	-	15,037	12,244	28,560
Directors' remuneration						
- Directors of the Company	1,112	6,031	-	-	1,112	6,031
- Directors of the subsidiaries	2,009	1,311	-	3,228	2,009	4,539
Directors' fee						
- Directors of the Company	881	540	-	-	881	540
Inventories written off	-	-	-	2,978	-	2,978
Foreign currency exchange (gain)*/loss**, net	(9,416)	6,120	-	1,841	(9,416)	7,961
Operating lease expense	9,822	5,132	-	914	9,822	6,046
Property, plant and equipment written off	27	91	-	-	27	91
Impairment of intangible assets	-	22,841	-	-	-	22,841
Impairment of property, plant and equipment	-	21,832	-	-	-	21,832
Allowance for write down of inventories	350	1,687	-	-	350	1,687
Staff costs:						
- Salaries, bonuses and allowances	37,552	36,463	-	27,316	37,552	63,779
- Employer contributions to defined contribution plans	3,106	2,615	-	2,606	3,106	5,221
Allowance for doubtful receivables no longer required - trade	(294)	(629)	-	(365)	(294)	(994)
Dividend income*	(3,411)	(51)	-	-	(3,411)	(51)
Fair value gain arising from derivative financial instruments*	-	-	-	(420)	-	(420)
Fair value loss**/(gain)* on held-for-trading investments, net	4,634	(335)	-	-	4,634	(335)
Loss/(Gain) on disposal of property, plant and equipment*	1,828	(328)	-	(27)	1,828	(355)
Write back of impairment on property, plant and equipment	(3,598)	-	-	-	(3,598)	-
Gain on disposal of held-for-trading investments*	(1,767)	-	-	-	(1,767)	-
Gain on disposal of subsidiaries	-	-	-	(573,276)	-	(573,276)
Gain on disposal of relevant intellectual property*	-	(34,248)	-	-	-	(34,248)
Interest income*	(1,177)	(1,439)	-	(340)	(1,177)	(1,779)
Rental income*	(16)	(2)	-	-	(16)	(2)

\* Included in other operating income.

\*\* Included in other operating expenses.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

27. INCOME TAX EXPENSE

	Continuing operations		Discontinued operations		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current tax:</b>						
- current year	4,368	8,209	-	6,561	4,368	14,770
- under/(over) provision in prior years	(189)	725	-	(1,043)	(189)	(318)
	4,179	8,934	-	5,518	4,179	14,452
<b>Deferred tax expense:</b>						
- current year	203	8,277	-	186	203	8,463
- under/(over) provision in prior years	2,847	(20)	-	-	2,847	(20)
	3,050	8,257	-	186	3,050	8,443
	7,229	17,191	-	5,704	7,229	22,895

Reconciliation of effective income tax rate

	Group	
	2015 RM'000	2014 RM'000
Profit/(Loss) before income tax from continuing operations	3,667	(55,162)
Profit before income tax from discontinued operations	-	615,725
Income tax calculated at Malaysia statutory tax rate of 25% (2014: 25%)	917	140,141
Effect of different tax rates in other countries	(1,839)	114
Expenses not deductible for tax purposes	13,005	15,239
Income not subject to tax	(15,543)	(147,164)
Tax incentives	(420)	(4,874)
Current tax over provided in prior years	(189)	(318)
Deferred tax over provided in prior years	(351)	(20)
Reversal of deferred tax assets previously recognised	3,198	11,513
Deferred tax assets not recognised	7,752	7,127
Withholding tax	688	1,187
Others	11	(50)
	7,229	22,895

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**28. DISCONTINUED OPERATIONS**

As discussed in Note 6 to the financial statements, the Group disposed of its dairies and packaging business on 30 June 2014.

Pursuant to FRS 105, *Non-current Assets Held for Sale and Discontinued Operations*, the results of the discontinued operations have been presented separately in the consolidated statement of comprehensive income.

The results of the discontinued operations are as follows:

	Note	1.10.2013 to 30.6.2014 RM'000
Revenue		540,891
Costs of goods sold		(423,586)
Gross profit		117,305
Other operating income		2,418
Administration expenses		(15,349)
Selling and marketing expenses		(24,753)
Warehouse and distribution expenses		(15,388)
Research and development expenses		(1,451)
Other operating expenses		(8,180)
Finance costs		(12,153)
Profit before tax from discontinued operations	26	42,449
Income tax expense	27	(5,704)
Profit after tax from discontinued operations		36,745
Gain on disposal of subsidiaries		573,276
Profit from discontinued operations, net of tax		610,021
Profit from discontinued operations attributable to:		
Owners of the Company		610,014
Non-controlling interests		7
		610,021

The impact of the discontinued operations on the cash flows of the Group is as follows:

	2014 RM'000
Operating activities	22,660
Investing activities	642,615
Financing activities	(35,411)
Total cash inflows	629,864

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

**29. (LOSS)/EARNINGS PER SHARE**

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

	Group	
	2015	2014
<b>From continuing operations</b>		
Loss after income tax attributable to owners of the Company (RM'000)	(363)	(67,398)
Weighted average number of ordinary shares in issue during the financial year ('000)	630,717	622,627
Basic loss per share (in sen)	(0.06)	(10.82)
Diluted loss per share (in sen)	(0.06)	(10.82)

Diluted loss per share is the same as the basic loss per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the share conversion would be to decrease the loss per share.

	Group	
	2015	2014
<b>From discontinued operations</b>		
Profit after income tax attributable to owners of the Company (RM'000)	-	610,014
Weighted average number of ordinary shares in issue during the financial year ('000)	-	622,627
Basic earnings per share (in sen)	-	97.97
Diluted earnings per share (in sen):		
Profit after income tax attributable to owners of the Company (RM'000)	-	610,014
Weighted average number of shares in issue ('000)	-	622,627
Adjustment for:		
- Employee share options ('000)*	-	283
	-	622,910
Diluted earnings per share (in sen)	-	97.93

\* The remaining employee share options are anti-dilutive and therefore have been excluded from the diluted earnings per share computation.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**30. DIVIDENDS**

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Dividends paid:		
Final tax exempt 1-tier dividend of S\$0.002 per share paid in respect of financial year ended 30 September 2013	-	3,218
Interim tax exempt 1-tier dividend of S\$0.30 paid in respect of financial year ended 30 September 2014	-	488,086
	-	491,304

**31. SIGNIFICANT RELATED PARTY TRANSACTIONS**

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
- (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

**31. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**

During the year, in addition to the information disclosed elsewhere in these financial statements, the Group and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Continuing operations</b>				
With related parties:				
- Insurance premium paid to a related party*	1,515	1,433	37	47
- Rental of premises paid to a related party*	770	231	-	231
- Purchase of goods from a related party*	483	170	-	-
- Recharge of advertising and promotion fee to a related party*	66	-	-	-
- Rental of premises paid to a director of a subsidiary	-	59	-	-
With subsidiaries:				
- Management fees	-	-	(979)	(1,672)
- Dividend income	-	-	(54,010)	-
- Interest income	-	-	(837)	(341)
- Collection on behalf of subsidiaries	-	-	-	184,790
- Settlement of liabilities on behalf of subsidiaries	-	-	-	139,035
<b>Discontinued operations</b>				
With related parties:				
- Insurance premium paid to a related party*	-	2,032	-	-
- Rental of premises paid to a related party*	-	693	-	-
- Purchase of packing materials from related parties*	-	1,398	-	-
- Sale of goods to a related party*	-	(352)	-	-

\* A related party is a Company where the Directors have beneficial interest or significant influence over the entity.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**31. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**

The remuneration of Directors and other members of key management of the Group and of the Company are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Continuing operations</b>				
Short-term employee benefits	4,562	8,585	2,711	7,340
Post-employment benefits	253	132	95	67
	4,815	8,717	2,806	7,407
Analysed into:				
- Directors of the Company	2,119	6,571	2,119	6,572
- Directors of the subsidiaries	2,009	1,311	-	-
- Other key management personnel	687	835	687	835
	4,815	8,717	2,806	7,407
<b>Discontinued operations</b>				
Short-term employee benefits	-	3,169	-	-
Post-employment benefits	-	59	-	-
	-	3,228	-	-
Analysed into:				
- Directors of the subsidiaries	-	3,228	-	-

Certain directors and key management personnel were granted share options in 2010 in respect of their services to the Group and the Company under the share options scheme of the Company. Further details on the share options are set out in Note 20 to the financial statements.

**32. CONTINGENT LIABILITIES AND COMMITMENTS**

**32.1 Capital commitments**

As at the end of the financial year, the Group had the following capital commitments:

	Group	
	2015 RM'000	2014 RM'000
Purchase of property, plant and equipment	66,625	812

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**32. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)**

**32.2 Operating lease commitments**

As at the end of the financial year, there were operating lease commitments for rental payable in subsequent accounting periods as follows:

	Group	
	2015 RM'000	2014 RM'000
Within one year	7,610	7,392
Two to five years	8,775	8,784
More than five years	6,249	4,172
	22,634	20,348

As at the end of the financial year, the Group leases office premises and other operating facilities under operating leases. Leases are negotiated and rentals are fixed for a period of 1 to 10 years with an option to renew at the prevailing market rates. Certain leases require the Group to pay contingent rentals computed based on the sales achieved during the lease period.

**32.3 Contingent liabilities**

**Group**

During the year, Envictus Dairies NZ Limited ("EDNZ"), a 72.3% owned subsidiary of the Group has received a claim in respect of product supplied to one of its customers. Management have emphatically denied the claim and intend to vigorously defend the EDNZ's position should the other party chose to proceed. At this early stage of progress of the matter currently there is no reliable estimate of the amount (if any) of a settlement.

**33. SEGMENT INFORMATION**

**Business segments**

A segment is a distinguishable component of the Group's business that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management has determined the operating segments based on the reports reviewed that are used to make strategic decisions.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments.

Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**33. SEGMENT INFORMATION (CONTINUED)**

**Business segments (Continued)**

The Group's businesses have been reorganised into the following segments to better reflect the business activities they are engaged in the current financial year:

- (a) Trading and Frozen Food Division – wholesalers of foodstuff, provision and frozen meat;
- (b) Food Services Division – Texas Chicken;
- (c) Nutrition Division – marketing and distribution of branded sport nutrition and weight management food; and
- (d) Food Processing Division comprising of:
  - bakery;
  - butchery;
  - beverages; and
  - contract packing for dairy and juice-based drinks.

The reorganisation of the segments are as detailed below:

- i) Certain businesses previously classified under Trading and Frozen Food and Nutrition divisions have been reallocated into a new division, Food Processing; and
- ii) Texas Chicken previously classified under others has been reallocated into a new segment, Food Services.

Comparative figures have been restated accordingly to reflect the Group's current business segments.

	Trading and Frozen Food RM'000	Food Services RM'000	Nutrition RM'000	Food Processing RM'000	Unallocated RM'000	Total RM'000
<b>2015</b>						
<b>Revenue</b>						
External revenue						
- Continuing operations	169,272	44,413	38,661	74,660	351	327,357
<b>Results</b>						
Segments results	1,843	(2,872)	1,095	(8,984)	13,192 *	4,274
Interest income	49	6	31	15	1,076	1,177
Finance costs	(747)	(396)	-	(637)	(4)	(1,784)
<b>Profit/(Loss) before income tax</b>	1,145	(3,262)	1,126	(9,606)	14,264	3,667
Income tax	(3,058)	-	568	(3,407)	(1,332)	(7,229)
<b>(Loss)/Profit after tax</b>	(1,913)	(3,262)	1,694	(13,013)	12,932	(3,562)
<b>Segment assets</b>	115,726	34,748	21,525	83,899	210,660	466,558
<b>Segment liabilities</b>	44,556	17,006	2,882	22,004	12,716	99,164
<b>Other information</b>						
Capital expenditure	1,899	12,824	114	2,068	3	16,908
Depreciation and amortisation	2,175	3,605	28	6,049	840	12,697
Allowance for doubtful receivables	280	-	-	20	-	300
Property, plant and equipment written off	24	-	-	-	3	27
Write back of impairment on property, plant and equipment	-	-	-	-	3,598	3,598

\* Segment results from unallocated segment comprise mainly of foreign exchange gain during the financial year ended 30 September 2015.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

33. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Dairies	Trading and Frozen Food	Food Services	Nutrition	Food Processing	Others*	Unallocated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2014 (Restated)</b>								
<b>Revenue</b>								
External revenue								
- Continuing operations	-	166,809	20,406	46,041	68,862	4,246	425	306,789
- Discontinued operations	524,402	14,366	-	-	-	2,123	-	540,891
Total revenue	524,402	181,175	20,406	46,041	68,862	6,369	425	847,680
<b>Results</b>								
Segments results from continuing operations	-	9,020	(6,209)	(7,119)	(48,441)	(13,755)	(16,057)**	(82,561)
Interest income	-	103	-	17	12	7	1,300	1,439
Finance costs	-	(1,690)	(292)	(500)	(3,756)	(840)	(1,210)	(8,288)
Gain on disposal of intellectual property	-	-	-	-	-	-	34,248	34,248
<b>Profit/(Loss) before income tax</b>	-	7,433	(6,501)	(7,602)	(52,185)	(14,588)	18,281	(55,162)
Income tax	-	(2,625)	-	(1,731)	(452)	(6,598)	(5,785)	(17,191)
Profit/(Loss) from continuing operations, net of tax	-	4,808	(6,501)	(9,333)	(52,637)	(21,186)	12,496	(72,353)
Profit/(Loss) from discontinued operations, net of tax	513,228	(1,424)	-	-	-	97,478	739	610,021
Profit/(Loss) after tax	513,228	3,384	(6,501)	(9,333)	(52,637)	76,292	13,235	537,668
<b>Segment assets</b>	-	99,617	22,371	22,204	74,962	9,017	195,477	423,648
<b>Segment liabilities</b>	-	21,442	9,782	3,519	23,478	9,451	12,150	79,822

\* Others segment comprises the noodles business from PT Sentrafood Indonusa and packaging business from General Packaging Sdn Bhd which have ceased operations and been disposed off respectively during the financial year ended 30 September 2014.

\*\* Segments results from unallocated segment mainly comprise foreign currency exchange loss during the financial year ended 30 September 2014.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

33. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Dairies	Trading and Frozen Food	Food Services	Nutrition	Food Processing	Others	Unallocated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2014 (Restated)</b>								
<b>Other information</b>								
Capital expenditure	5,434	4,472	7,805	10	3,154	2,667	1,144	24,686
Depreciation and amortisation	-	1,576	2,049	37	9,113	891	254	13,920
Allowance for doubtful debts	-	387	-	151	-	752	-	1,290
Inventories written off	-	-	-	-	-	1,687	-	1,687
Impairment of intangible assets	-	-	-	8,870	11,511	2,460	-	22,841
Impairment of property, plant and equipment	-	-	-	-	18,234	3,598	-	21,832
Property, plant and equipment written off	-	82	-	-	9	-	-	91

Geographical segments

The Group's business segments operate in three main geographical areas. Revenue is based on the country in which the customer is located. Segment non-current assets consist primarily of non-current assets other than financial instruments, deferred tax assets. Segment non-current assets are shown by geographical area in which the assets are located.

	Malaysia	Africa*	Asean (excluding Malaysia)*	New Zealand	Australia	Others*	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2015</b>							
<b>Revenue</b>							
External revenue							
- Continuing operations	271,380	-	1,038	27,472	17,678	9,789	327,357
<b>Segment non-current assets</b>	124,288	-	-	26,413	-	-	150,701
<b>2014</b>							
<b>Revenue</b>							
External revenue							
- Continuing operations	240,332	-	5,718	28,736	20,542	11,461	306,789
- Discontinued operations	257,751	73,541	191,263	-	-	18,336	540,891
	498,083	73,541	196,981	28,736	20,542	29,797	847,680
<b>Segment non-current assets</b>	80,903	-	4,314	26,411	-	-	111,628

\* Comprise countries with individually insignificant revenue and assets



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 34. FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's activities expose the Group to financial risks (including credit risk, foreign currency risk, interest rate risk, liquidity risk and equity price risk) arising in the normal course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The management is responsible for setting the objectives and underlying principles of financial risks management for the Group. The management continually monitors the Group's financial risk management process to ensure that an appropriate balance between risk and control is achieved.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

#### 34.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Company and the Group have no significant concentration of credit risk except for amounts due from subsidiaries, respectively. The maximum exposures to credit risk are represented by the carrying amount of the financial assets on the statement of financial position in the Company and the Group.

In the previous year, other receivable from an unrelated third party arising from the disposal of subsidiaries comprises 52% of total trade and other receivables of the Group.

Trade receivables that are neither past due nor impaired are substantially from companies with good collection track record with the Group.

The age analysis of trade receivables of the Group which are past due but not impaired is as follows:

	Group	
	2015 RM'000	2014 RM'000
Past due 1 day to 3 months	22,871	16,643
Past due 3 to 6 months	4,286	2,487
Past due 6 to 12 months	3,733	1,635
Past due over 12 months	-	48
	30,890	20,813

Based on historical default rates, the Group believes that no impairment is necessary in respect of trade receivables past due as the Group has a credit policy to maintain its exposure to credit risk on an on-going basis. The trade receivables are mainly arising from customers that have good collection track records within the Group.

Bank deposit is a deposit with a financial institution with high credit-ratings assigned by international credit rating agencies.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

34. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

34.2 Foreign currency risk

Foreign currency risk arises from transactions denominated in currencies other than the functional currencies of the respective companies in the Group and the Company.

The currencies that give rise to this risk of the Group are primarily Malaysia Ringgit ("MYR"), United States Dollar ("USD"), Singapore Dollar ("SGD"), New Zealand Dollar ("NZD"), Australian Dollar ("AUD"), Hong Kong Dollar ("HKD"), Chinese Renminbi ("RMB") and Indonesian Rupiah ("IDR").

The currencies that give rise to this risk of the Company are primarily Malaysia Ringgit ("MYR"), United States Dollar ("USD"), New Zealand Dollar ("NZD"), Australian Dollar ("AUD"), Hong Kong Dollar ("HKD"), Euro and Chinese Renminbi ("RMB").

The Group and the Company have not entered into any currency forward exchange contracts as at the end of the financial year.

The Group's and the Company's exposure from foreign currency denominated financial assets and financial liabilities as at the end of the financial year is as follows:

	MYR RM'000	USD RM'000	SGD RM'000	NZD RM'000	AUD RM'000	HKD RM'000	RMB RM'000	IDR RM'000
<b>Group</b>								
<b>2015</b>								
Total financial assets	102,064	65,014	68,223	5,033	19,131	7,449	1,398	369
Total financial liabilities	(74,929)	(944)	(4,864)	(11,175)	(983)	-	-	(182)
Net financial assets/(liabilities)	27,135	64,070	63,359	(6,142)	18,148	7,449	1,398	187
Add/(Less):								
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	95,503	44,285	(102,704)	42,462	-	-	-	(183)
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	122,628	108,355	(39,345)	36,320	18,148	7,449	1,398	4
<b>2014</b>								
Total financial assets	84,436	143,336	20,323	5,466	3,769	-	-	4,330
Total financial liabilities	(42,195)	(831)	(6,103)	(11,912)	(413)	-	-	(7,001)
Net financial assets/(liabilities)	42,241	142,505	14,220	(6,446)	3,356	-	-	(2,671)
Add/(Less):								
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	55,176	31,567	(45,117)	36,678	-	-	-	2,671
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	97,417	174,072	(30,897)	30,232	3,356	-	-	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

34. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

34.2 Foreign currency risk (Continued)

	MYR RM'000	USD RM'000	NZD RM'000	AUD RM'000	HKD RM'000	Euro RM'000	RMB RM'000
<b>Company</b>							
<b>2015</b>							
Total financial assets	155,357	108,230	26,885	16,859	7,449	5,019	1,398
Total financial liabilities	(2,228)	(161,046)	(1,373)	-	-	-	-
Net currency exposure of financial assets/ (liabilities)	153,129	(52,816)	25,512	16,859	7,449	5,019	1,398
<b>2014</b>							
Total financial assets	117,899	163,537	24,316	-	-	4,152	-
Total financial liabilities	(6,211)	(161,474)	(309)	-	-	-	-
Net currency exposure of financial assets	111,688	2,063	24,007	-	-	4,152	-

*Foreign currency sensitivity analysis*

The following table details the Group's sensitivity to a 15% (2014: 5%) change in MYR, USD, SGD, NZD, AUD and HKD against the Group entities' respective functional currency. The Company's sensitivity to a 15% (2014: 5%) change in MYR, USD, NZD, AUD and HKD against the Company's functional currency (SGD). The sensitivity analysis assumes an instantaneous 15% (2014: 5%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in SGD, USD, NZD, AUD, HKD and MYR are included in the analysis.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

34. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

34.2 Foreign currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease) Group Profit or Loss	
	2015 RM'000	2014 RM'000
<u>SGD</u>		
Strengthened against MYR	(5,901)	(1,545)
Weakened against MYR	5,901	1,545
<u>USD</u>		
Strengthened against MYR	16,253	8,704
Weakened against MYR	(16,253)	(8,704)
<u>NZD</u>		
Strengthened against MYR	5,448	1,512
Weakened against MYR	(5,448)	(1,512)
<u>AUD</u>		
Strengthened against MYR	2,722	168
Weakened against MYR	(2,722)	(168)
<u>HKD</u>		
Strengthened against MYR	1,117	-
Weakened against MYR	(1,117)	-
<u>MYR</u>		
Strengthened against SGD	17,856	5,589
Weakened against SGD	(17,856)	(5,589)
Strengthened against USD	1,395	42
Weakened against USD	(1,395)	(42)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

34. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

34.2 Foreign currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease) Company Profit or Loss	
	2015 RM'000	2014 RM'000
<i>MYR</i>		
Strengthened against SGD	22,969	5,584
Weakened against SGD	(22,969)	(5,584)
<i>USD</i>		
Strengthened against SGD	(7,923)	103
Weakened against SGD	7,923	(103)
<i>NZD</i>		
Strengthened against SGD	3,827	1,200
Weakened against SGD	(3,827)	(1,200)
<i>AUD</i>		
Strengthened against SGD	2,529	-
Weakened against SGD	(2,529)	-
<i>HKD</i>		
Strengthened against SGD	1,117	-
Weakened against SGD	(1,117)	-

The potential impact of foreign exchange rate fluctuation in profit or loss as described in the sensitivity analysis above is attributable mainly to foreign exchange rate fluctuations of the Group's and the Company's foreign exchange exposure on foreign currency denominated cash and cash equivalents, held-for-trading investments, receivables and payables at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

**34. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)**

**34.3 Interest rate risk**

The Group's exposure to market risks for changes in interest rates relates primarily to bank borrowings (2014: bank borrowings) with financial institutions. The Group maintains an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

*Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rate risk for bank borrowings at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 3% (2014: 3%) change in the interest rates from the end of the financial year, with all variables held constant.

If the interest rates increase by 3% (2014: 3%), profit before tax of the Group will decrease by:

	<b>Consolidated statement of comprehensive income</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank borrowings	1,399	182

A 3% (2014: 3%) decrease in the interest rates would have an equal but opposite effect to the Group.

As at the end of the financial year, the Company is not exposed to interest rate risk (2014: Nil). As such, no sensitivity analysis is deemed necessary.

**34.4 Liquidity risk**

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents and by ensuring the availability of funding through adequate amount of committed credit facilities from financial institutions to meet their working capital requirements.

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

34. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

34.4 Liquidity risk (Continued)

	Effective interest rate (%)	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>Group</b>						
<b>2015</b>						
Bank borrowings	4.35 - 7.35	44,049	4,375	105	3	48,532
Finance lease payables	2.32 - 6.37	4,293	3,996	7,004	-	15,293
Trade and other payables	-	33,809	-	-	-	33,809
		82,151	8,371	7,109	3	97,634
<b>2014</b>						
Bank borrowings	3.82 - 7.10	6,182	29	103	35	6,349
Finance lease payables	2.32 - 12.69	2,661	2,313	3,759	-	8,733
Trade and other payables	-	55,442	-	-	-	55,442
		64,285	2,342	3,862	35	70,524

The repayment terms of the bank borrowings and finance leases are disclosed in Notes 16 and 17 to the financial statements.

	Effective interest rate (%)	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>Company</b>						
<b>2015</b>						
Trade and other payables	-	162,900	-	-	-	162,900
Financial guarantee contracts	-	237	367	705	588	1,897
		163,137	367	705	588	164,797
<b>2014</b>						
Trade and other payables	-	168,034	-	-	-	168,034
Financial guarantee contracts	-	-	44	48	-	92
		168,034	44	48	-	168,126

The disclosed amounts for the financial guarantee contracts represent the maximum amount of issued financial guarantees in the earliest time period for which the guarantees could be called upon in the contractual maturity analysis.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

**34. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)**

**34.5 Equity price risks**

The Group is exposed to equity price risks arising from equity investments classified as either available-for-sale financial assets or held-for-trading financial assets. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale equity investments.

Further details of these equity investments can be found in Notes 7 and 12 to the financial statements.

*Equity price sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to equity price risks at the balance sheet date.

The sensitivity analysis assumes an instantaneous 7% (2014: 7%) change in the equity prices from the balance sheet date, with all variables held constant.

	Increase/(Decrease)							
	Group		Company		Group		Company	
	Profit or Loss				Equity			
	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets	-	-	-	-	12	20	-	-
Held-for-trading investments	8,394	1,176	8,394	1,176	8,394	1,176	8,394	1,176

**34.6 Fair values of financial assets and financial liabilities**

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the bank borrowings and financial guarantees are reasonable approximations of fair values due to the insignificant impact of discounting, drawdown close to reporting and maturity date.

- (ii) Available-for-sale financial assets

Quoted equity securities (Level 1): The fair value is determined by reference to the exchange quoted market bid prices at the close of business at the end of the reporting period.

- (iii) Held-for-trading investments

Quoted equity securities and fixed income (Level 1): The fair value is determined by reference to the exchange quoted market bid prices at the close of business at the end of the reporting period.

Unit trust and bond (Level 2): The fair value is determined by reference to the net assets values which are based on observable market inputs.

### 34. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

#### 34.6 Fair values of financial assets and financial liabilities (Continued)

(iv) Finance lease payables (Level 2)

The fair value is estimated by future contractual cash flows at market incremental borrowing rate for similar type of borrowing arrangement at the end of the reporting period.

*Fair value hierarchy*

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

Level 2: Inputs other than quoted prices included within Level 1 that are determined using the other observable inputs such as quoted prices for similar asset/liability in active markets, quoted prices for identical or similar asset/liability in non-active markets or inputs other than quoted prices that are observable for the asset or liability,

Level 3: Unobservable inputs for the asset or liability.

There were no transfer between levels of the fair value hierarchy during the financial year.

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

34. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

34.6 Fair values of financial assets and financial liabilities (Continued)

*Determination of fair value*

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Note	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>2015</b>								
<b>Group</b>								
<b>Financial assets</b>								
Financial assets at fair value through profit or loss								
- Available-for-sale financial assets	7	165	-	-	-	-	-	-
- Held-for-trading investments	12	82,055	33,574	-	-	-	-	-
<b>Financial liabilities</b>								
- Finance lease payables	17	-	-	-	13,602	-	13,602	13,599
<b>Company</b>								
<b>Financial assets</b>								
- Held-for-trading investments	12	82,055	33,574	-	-	-	-	-
<b>2014</b>								
<b>Group</b>								
<b>Financial assets</b>								
Financial assets at fair value through profit or loss								
- Available-for-sale financial assets	7	285	-	-	-	-	-	-
- Held-for-trading investments	12	16,202	-	-	-	-	-	-
<b>Financial liabilities</b>								
- Finance lease payables	17	-	-	-	7,200	-	7,200	7,815
<b>Company</b>								
<b>Financial assets</b>								
- Held-for-trading investments	12	16,202	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

34. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

34.7 Offsetting financial assets and financial liabilities

The following table details the Company's financial assets which are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross amounts of recognised financial assets/ (liabilities) RM'000	Gross amounts of recognised financial (assets)/ liabilities set off in the statement of financial position RM'000	Net amounts of financial assets/ (liabilities) presented in the statement of financial position RM'000
<b>Company</b>			
<b>As at 30 September 2015</b>			
Trade and other receivables	277,176	(47,054)	230,122
Trade and other payables	(209,954)	47,054	(162,900)
	67,222	-	67,222
<b>As at 30 September 2014</b>			
Trade and other receivables	268,416	(33,972)	234,444
Trade and other payables	(202,006)	33,972	(168,034)
	66,410	-	66,410

34.8 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' values.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated profits as shown in the statements of financial position.

The Company may purchase its own shares from the market and the timing of these purchases depends on market prices. Primarily, such actions are intended to enhance the return to the Company's shareholders and to be used for issuing shares under the Group's share options scheme in the future. Buy and sell decisions are made on a specific transaction basis by the management. The Company does not have a defined buy-back plan.

The Group overall strategy remains unchanged since prior financial year.

Management constantly reviews the capital structure to ensure the Group and the Company are able to service all debt obligations (include principal repayment and interests) based on its operating cash flows.

The Group is not subject to externally imposed capital requirements for the financial years ended 30 September 2015 and 2014.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

#### 35. EVENTS SUBSEQUENT TO THE REPORTING DATE

- (i) On 5 November 2015, the Company acquired 92,676,600 ordinary shares, representing 11.43% of the issued and paid-up share capital of Yamada Green Resources Limited, for an aggregate consideration of S\$10.5 million (approximately RM32.8 million) (excluding brokerage and stamp duties).
- (ii) On 11 November 2015, a wholly-owned subsidiary of the Company, PT Sentrafood Indonusa entered into a conditional sale and purchase agreement (the "Agreement") with PT AKS Karawang Timur for the disposal of the land located at Desa Anggadita, Kecamatan Klari, Kabupaten Karawang, Propinsi Jawa Barat, Indonesia (the "Land") and the factory building located on the Land (the "Factory Building") for a cash consideration of Rp50 billion (approximately RM16 million) on terms and conditions of the Agreement.
- (iii) On 17 November 2014, the Group acquired a shelf company incorporated on 5 October 2015, namely Dominade Marketing Sdn Bhd ("DMSB") as its wholly owned subsidiary by acquiring 2 new ordinary shares in the capital of DMSB at the purchase price of RM1 per share or a total subscription amount of RM2. DMSB's principal activity is wholesale and trading of food products.
- (iv) To comply with the minimum trading price requirement as required by the Monetary Authority of Singapore and the SGX-ST, the Company proposes to undertake a share consolidation of every five existing issued ordinary shares in the share capital. The proposed share consolidation is subject to the approval of the SGX-ST and the approval of shareholders by ordinary resolution at the annual general meeting of the Company to be convened.

#### 36. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company for the financial year ended 30 September 2015 were authorised for issue by the Board of Directors of the Company on 8 December 2015.

# STATISTICS OF SHAREHOLDINGS

AS AT 7 DECEMBER 2015

Issued and fully paid-up capital	:	S\$46,710,654.955
Number of ordinary shares in issue	:	631,926,528
Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Number of Treasury Shares held	:	1,210,000
Number of ordinary shares excluding Treasury Shares	:	630,716,528
Percentage of Treasury Shares	:	0.192% <sup>(1)</sup>

Note :

<sup>(1)</sup> Calculated based on 630,716,528 voting shares as at 7 December 2015.

## VOTING RIGHTS

Shareholder's voting rights are set out in Article 65 of the Company's Articles of Association.

Every Member present in person or by proxy shall have one vote for every share which he holds or represents.

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed are at all times held by the public.

Based on the information provided and to the best knowledge of the Directors, approximately 40% of the issued ordinary shares of the Company are held in the hands of the public as at 7 December 2015 and therefore Rule 723 of the Listing Manual of the SGX-ST is complied with.

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	4	0.30	64	0.00
100 - 1,000	38	2.81	29,107	0.00
1,001 - 10,000	375	27.78	2,527,138	0.40
10,001 - 1,000,000	892	66.07	82,037,303	13.01
1,000,001 and above	41	3.04	546,122,916	86.59
TOTAL	1,350	100.00	630,716,528	100.00



# STATISTICS OF SHAREHOLDINGS

AS AT 7 DECEMBER 2015

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	TEE YIH JIA FOOD MANUFACTURING PTE LTD	77,000,000	12.21
2.	KAMAL Y P TAN	72,601,072	11.51
3.	CHENG CHIH KWONG @ THIE TJI KOANG	58,033,320	9.20
4.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	53,557,448	8.49
5.	MAYBANK NOMINEES (S) PTE LTD	53,400,000	8.47
6.	KGI FRASER SECURITIES PTE. LTD.	40,130,000	6.36
7.	KWONG YUEN SENG	25,357,220	4.02
8.	OCBC SECURITIES PRIVATE LIMITED	16,661,800	2.64
9.	HONG LEONG FINANCE NOMINEES PTE LTD	15,000,000	2.38
10.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	13,092,342	2.08
11.	JAYA J B TAN	11,087,364	1.76
12.	UOB KAY HIAN PRIVATE LIMITED	10,300,800	1.63
13.	CITIBANK NOMINEES SINGAPORE PTE LTD	10,226,000	1.62
14.	POK YOKE KUNG	7,049,000	1.12
15.	PHILLIP SECURITIES PTE LTD	6,436,494	1.02
16.	PHANG MAH THIANG	5,841,000	0.93
17.	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,733,470	0.91
18.	YAP BENG WEI	5,290,000	0.84
19.	CHUNG CHEE FOOK	4,936,462	0.78
20.	RHB SECURITIES SINGAPORE PTE. LTD.	4,577,900	0.73
<b>TOTAL</b>		<b>496,311,692</b>	<b>78.70</b>

## SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed interest	%	Total Interest	%
<sup>(1)(2)</sup> Dato' Jaya J B Tan	95,987,364	15.22	97,951,072	15.53	193,938,436	30.75
<sup>(1)(2)</sup> Dato' Kamal Y P Tan	95,501,072	15.14	98,437,364	15.61	193,938,436	30.75
Tee Yih Jia Food Manufacturing Pte Ltd	77,000,000	12.21	-	-	77,000,000	12.21
<sup>(3)</sup> Datuk Goi Seng Hui	-	-	77,000,000	12.21	77,000,000	12.21
Cheng Chih Kwong @ Thie Tji Koang	58,033,320	9.20	-	-	58,033,320	9.20

<sup>(1)</sup> Deemed interested in each others shares through the shares held by Dato' Jaya, Dato' Kamal and spouse.

<sup>(2)</sup> Direct interest includes shares held through nominees.

<sup>(3)</sup> Deemed interested in shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of section 7 of the Companies Act, Cap. 50.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Envictus International Holdings Limited will be held at Crystal Suite, Level 2, Holiday Inn Singapore Orchard City Centre, 11 Cavenagh Road, Singapore 229616 on Wednesday, 27 January 2016 at 10.00 a.m. to transact the following business:-

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 30 September 2015 and the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:-
  - (i) Datuk Goi Seng Hui (Article 91) **(Resolution 2a)**
  - (ii) Dato' Jaya J B Tan (Article 91) **(Resolution 2b)**
3. To re-appoint Mr Mah Weng Choong as a Director of the Company. **(Resolution 3)**
4. To approve the payment of Directors' fees of S\$298,000 for the financial year ended 30 September 2015 (FY2014: S\$246,000). **(Resolution 4)**
5. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:-

### 7. ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES **(Resolution 6)**

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to:-

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares.

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

## NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:
- (i) the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below).
  - (ii) (subject to such calculation as may be prescribed by SGX-ST), for the purpose of determining the aggregate number of shares that may be issued in under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of passing this Resolution, after adjusting for:-
    - (a) new shares arising from the conversion or exercise of any convertible securities;
    - (b) new shares arising from the exercising share options or vesting of shares awards which are outstanding or subsisting at the time of the passing of this Resolution; and
    - (c) any subsequent bonus issue, consolidation or subdivision of shares.
  - (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
  - (iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note (a)]

### 8. ORDINARY RESOLUTION - AUTHORITY TO GRANT OPTIONS AND ISSUE SHARES

(Resolution 7)

"THAT pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorized and empowered to offer and grant options under the Envictus Employee Share Option Scheme ("the Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether during the subsistence of this authority or otherwise, the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." [See Explanatory Note (b)]

# NOTICE OF ANNUAL GENERAL MEETING

**9. ORDINARY RESOLUTION - THE PROPOSED CONSOLIDATION OF EVERY FIVE (5) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY ("EXISTING SHARES") HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED ("PROPOSED SHARE CONSOLIDATION")**

**(Resolution 8)**

"THAT pursuant to the Articles of Association of the Company:

- (a) the proposed consolidation of every five (5) Existing Shares held by the Shareholders as at the Books Closure Date into one (1) Consolidated Share with effect from a date to be fixed by the Directors of the Company in the manner set out in the Appendix dated 6 January 2016 (the "Appendix") be and is hereby approved;
- (b) any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation pursuant to paragraph (a) above shall be disregarded, and all fractions of Consolidated Shares to which holders of the Existing Shares would otherwise be entitled to shall be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company;
- (c) the Directors and each of them be hereby authorised to fix the Books Closure Date and the Effective Trading Date in their absolute discretion as they deem fit; and
- (d) the Directors and each of them be hereby authorised to do such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary or expedient to give effect to this resolution and the Proposed Share Consolidation."

## BY ORDER OF THE BOARD

S Surenthiraj @ S Suresh  
Kok Mor Keat  
Company Secretaries

Singapore  
6 January 2016

Explanatory Notes on Special Business to be transacted

- (a) Ordinary Resolution 6, if passed, will enable the Directors to issue shares in the Company up to 50% of the total number of issued shares excluding treasury shares in the capital of the Company (in the case of issuance other than on a pro-rata basis to existing shareholders, such aggregate number of shares not to exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company) for such purposes as they consider to be in the interests of the Company.
- (b) Ordinary Resolution 7, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to offer and grant options under the Employee Share Option Scheme ("the Scheme") and to allot and issue shares in the Company of up to a number not exceeding in total fifteen per cent. (15%) of the total number of issued shares excluding treasury shares of the Company from time to time pursuant to the exercise of the options under the Scheme.

## NOTES:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and where there are two proxies, the number of shares to be represented by each proxy must be stated.
2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorized officer or attorney.
3. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

**ENVICTUS INTERNATIONAL HOLDINGS LIMITED**Company Registration No: 200313131Z  
(Incorporated in the Republic of Singapore)

# PROXY FORM

**ANNUAL GENERAL MEETING****IMPORTANT**

- For investors who have used their CPF monies to buy shares of Envictus International Holdings Limited, the Annual Report 2015 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF Investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees in accordance with their instructions within the timeframe specified.
- CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.

Number of shares held

I/We, \_\_\_\_\_

of \_\_\_\_\_

being a member/members of **ENVICTUS INTERNATIONAL HOLDINGS LIMITED** (the "Company"), hereby appoint

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held on Wednesday, 27 January 2016 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, the proxy/proxies will vote or abstain from voting at his/their discretion. If no person is named in the above boxes, the Chairman of the AGM shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder for me/us and on my/our behalf at the AGM and at any adjournment thereof.

No.	Resolution:	FOR	AGAINST
1	Adoption of Directors' Reports and Financial Statements for year ended 30 September 2015		
2a	Re-election of Datuk Goi Seng Hui as Director		
2b	Re-election of Dato' Jaya J B Tan as Director		
3	Re-appointment of Mr Mah Weng Choong as Director		
4	Approval of payment of Directors' fees		
5	Re-appointment of Messrs BDO LLP as auditors and authorize Directors to fix their Remuneration		
6	Authority to allot and issue new shares		
7	Authority to grant options and to allot and issue shares under Envictus Employee Share Option Scheme		
8	Proposed Share Consolidation		

Note: If you wish to exercise all your votes "For" or "Against" the relevant resolution, please insert [ x ] within the relevant box provided. Alternatively, please indicate the number of Shares as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

\_\_\_\_\_  
Signature(s) of Member(s) or,  
Common Seal of Corporate Shareholder

Total Number of Shares held	
CDP Register	
Register of Members	

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf save that no limit shall be imposed on the number of proxies for nominee or custodial service companies. Such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Seal or under the hand of an officer or attorney duly authorised.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap.50.

**General:**

The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.





[www.envictus-intl.com](http://www.envictus-intl.com)

**ENVICTUS INTERNATIONAL HOLDINGS LIMITED**

SGX Centre II, #17-01, 4 Shenton Way, Singapore 068807

Tel: (65) 6361 9883 Fax: (65) 6538 0877

**APPENDIX DATED 6 JANUARY 2016**

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt about this Appendix or the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.**

This Appendix is circulated to shareholders of Envictus International Holdings Limited together with the Company's Annual Report (as defined herein). Its purpose is to provide Shareholders (as defined herein) with the relevant information relating to, and seek Shareholders' approval for the Proposed Share Consolidation (as defined herein) to be tabled at the Annual General Meeting of the Company to be held on 27 January 2016 at 10.00 a.m. at Crystal Suite, Level 2, Holiday Inn Singapore Orchard City Centre, 11 Cavenagh Road, Singapore 229616. The notice of the Annual General Meeting and the Proxy Form are enclosed in the Annual Report.

The Company has obtained in-principle approval from the Singapore Exchange Securities Trading Limited for the listing and quotation of up to 126,385,305 Consolidated Shares (as defined herein) on the Mainboard of the Singapore Exchange Securities Trading Limited pursuant to the Proposed Share Consolidation (as defined herein). The in-principle approval is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Consolidated Shares, the Company and/or its subsidiaries.

If you have sold or transferred all your shares in the capital of the Company, you should forward this Appendix immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

**The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.**



**ENVICTUS INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No. 200313131Z)

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING IN RELATION TO THE PROPOSED CONSOLIDATION OF EVERY FIVE (5) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY**

---

## TABLE OF CONTENTS

---

	Page No.
DEFINITIONS	2
<b>LETTER TO SHAREHOLDERS</b>	
1. INTRODUCTION	4
2. THE PROPOSED SHARE CONSOLIDATION	4
3. RATIONALE	7
4. FINANCIAL EFFECTS	8
5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	10
6. DIRECTORS' RECOMMENDATION	10
7. DIRECTORS' RESPONSIBILITY STATEMENT	11
8. ANNUAL GENERAL MEETING	11
9. ACTION TO BE TAKEN BY SHAREHOLDERS	11
10. DOCUMENTS FOR INSPECTION	11

---

## DEFINITIONS

---

Except where the context otherwise requires, the following definitions apply throughout this Appendix:

<b>“Act” or “Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
<b>“AGM”</b>	:	The annual general meeting of the Company to be held on 27 January 2016
<b>“Annual Report”</b>	:	The annual report of the Company for FY2015
<b>“Articles”</b>	:	The articles of association of the Company, as amended, modified or supplemented from time to time
<b>“Board”</b>	:	The board of Directors of the Company for the time being
<b>“Books Closure Date”</b>	:	The time and date to be determined by the Directors, being the time and date at and on which the Register of Members and Share Transfer Books of the Company will be closed to determine entitlements of Shareholders to the Consolidated Shares under the Proposed Share Consolidation
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Company”</b>	:	Envictus International Holdings Limited
<b>“Consolidated Shares”</b>	:	The consolidated shares in the issued share capital of the Company held by Shareholders pursuant to the completion of the Proposed Share Consolidation and <b>“Consolidated Share”</b> shall be construed accordingly
<b>“Director”</b>	:	A director of the Company for the time being
<b>“Effective Trading Date”</b>	:	The date to be determined by the Directors, being the date at and on which the Shares will trade on the Mainboard of the SGX-ST in board lots of one hundred (100) Consolidated Shares
<b>“EPS”</b>	:	Earnings per Share
<b>“Existing Shares”</b>	:	Has the meaning ascribed to it in paragraph 2.1.1 of this Appendix
<b>“FY2015”</b>	:	The financial year ended 30 September 2015
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Latest Practicable Date”</b>	:	The latest practicable date prior to the printing of this Appendix, being 10 December 2015
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Memorandum”</b>	:	The Memorandum of Association of the Company
<b>“New Share Certificates”</b>	:	Has the meaning ascribed to it in paragraph 2.3.2(b) of this Appendix
<b>“NTA”</b>	:	Net tangible assets
<b>“Old Share Certificates”</b>	:	Has the meaning ascribed to it in paragraph 2.3.2(a) of this Appendix

---

## DEFINITIONS

---

<b>“Proposed Share Consolidation”</b>	:	The proposed consolidation of every five (5) existing issued ordinary Shares in the capital of the Company held by Shareholders of the Company as at the Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded
<b>“Register of Members”</b>	:	Register of members of the Company
<b>“RM” and “sen”</b>	:	Malaysian Ringgit and sen, respectively, being the lawful currency of Malaysia
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
<b>“Shareholders”</b>	:	Registered holders of Shares, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<b>“Shares”</b>	:	Ordinary shares in the share capital of the Company
<b>“Share Registrar”</b>	:	Boardroom Corporate & Advisory Services Pte Ltd
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
<b>“%” or “per cent.”</b>	:	Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Act or any statutory modification thereof and used in this Appendix shall have the meaning assigned to it under the Act or such statutory modification, as the case may be, unless the context otherwise requires.

Any reference to a time of day in this Appendix shall be a reference to Singapore time, unless otherwise stated.

Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

---

## APPENDIX TO THE ANNUAL REPORT

---

### ENVICTUS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200313131Z)

#### Board of Directors:

Dato' Jaya J B Tan (Non-Executive Chairman)  
Datuk Goi Seng Hui (Non-Executive Vice-Chairman)  
Dato' Kamal Y P Tan (Group Chief Executive Officer)  
Mah Weng Choong (Non-Executive Director)  
Teo Chee Seng (Independent Director)  
John Lyn Hian Woon (Independent Director)

#### Registered Office:

SGX Centre II, #17-01  
4 Shenton Way  
Singapore 068807

6 January 2016

To: The Shareholders of Envictus International Holdings Limited

Dear Shareholder

### THE PROPOSED CONSOLIDATION OF EVERY FIVE (5) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY

#### 1. INTRODUCTION

- 1.1 The Directors propose to seek Shareholders' approval for the Proposed Share Consolidation at the AGM. The purpose of this Appendix is to provide Shareholders with the relevant information relating to the Proposed Share Consolidation to be tabled at the AGM and to seek Shareholders' approval for the Proposed Share Consolidation.
- 1.2 The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Appendix.

#### 2. THE PROPOSED SHARE CONSOLIDATION

##### 2.1 Introduction

- 2.1.1 The Company announced on 26 November 2015 that the Company is proposing to undertake a share consolidation exercise to consolidate every five (5) existing Shares ("**Existing Shares**") into one (1) Consolidated Share as at the Books Closure Date, fractional entitlements to be disregarded.
- 2.1.2 Under the Proposed Share Consolidation and subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the AGM, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date. After the Books Closure Date, every five (5) Existing Shares registered in the name, or standing to the credit of the Securities Account, of each Shareholder or Depositor (as the case may be) as at the Books Closure Date will be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded.
- 2.1.3 Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded in board lots of one hundred (100) Consolidated Shares. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$46,710,654.955, comprising 631,926,528 Existing Shares (including 1,210,000 treasury shares) which are listed on the Mainboard of the SGX-ST. On the assumption that there will be no new Shares issued by the Company up to the Books Closure Date, the Company will have an issued and paid-up share capital of S\$46,710,654.955 comprising approximately 126,385,305 Consolidated Shares (including 242,000 treasury shares on a post-consolidation basis) following the completion of the Proposed Share Consolidation.

---

## APPENDIX TO THE ANNUAL REPORT

---

- 2.1.4 **Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation shall be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation may be aggregated and/or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, whether by way of sale, cancellation or otherwise. In the event that the Directors, in their absolute discretion, decide to cancel the aggregated fractions of Consolidated Shares arising from the Proposed Share Consolidation, affected Shareholders will not be paid for such fractional Shares cancelled and not issued. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.**
- 2.1.5 **Shareholders who hold less than five (5) Existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. No allotment of the Consolidated Shares will be made to such Shareholders. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional Existing Shares so as to increase the number of Existing Shares held to a multiple of five (5) Existing Shares prior to the Books Closure Date.**
- 2.1.6 The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company.
- 2.1.7 The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the shareholders' funds of the Company and its subsidiaries. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder, as at the Books Closure Date other than non-material changes due to rounding and the disregard of fractional entitlements arising from the Proposed Share Consolidation.
- 2.2 Conditions for the Proposed Share Consolidation**
- 2.2.1 Pursuant to Article 9 of the Articles of Association of the Company, the Proposed Share Consolidation is subject to Shareholders' approval by way of an ordinary resolution.
- 2.2.2 The Proposed Share Consolidation is subject to, amongst other things:
- (a) the in-principle approval of the SGX-ST for the dealing in, listing of and quotation of all the Consolidated Shares on the SGX-ST; and
  - (b) the approval of Shareholders by ordinary resolution for the Proposed Share Consolidation being obtained at the AGM.
- 2.2.3 The Company announced on 11 December 2015 that it had obtained the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for up to 126,385,305 Consolidated Shares (including 242,000 treasury shares on a post-consolidation basis), subject to the following conditions:
- (a) the approval of Shareholders for the Proposed Share Consolidation at the AGM; and
  - (b) compliance with the listing requirements of the SGX-ST.
- 2.2.4 The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Consolidated Shares, the Company and/or its subsidiaries.
- 2.2.5 Subject to the approval of the Proposed Share Consolidation by Shareholders at the AGM, an announcement will be made by the Company to notify Shareholders of the Books Closure Date and the Effective Trading Date in due course.
- 2.2.6 Shareholders should note that the Directors may decide not to proceed with the Proposed Share Consolidation if the Directors are of the view that, after taking into account all relevant factors, it is not beneficial to the Company and its Shareholders to do so. In such a case, an announcement will be made by the Company to notify Shareholders of the reasons why the Directors have decided not to proceed with the Proposed Share Consolidation.



## **2.3 Updating of Register of Members and Depository Register**

2.3.1 If the approval of Shareholders for the Proposed Share Consolidation is obtained, the Shareholders' entitlements of the Consolidated Shares will be determined on the Books Closure Date, based on their shareholdings as at 5.00 p.m. on such date. The Register of Members of the Company and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders and Depositors (as the case may be) based on their shareholdings in the Company as at the Books Closure Date and the Shares will begin trading in board lots of 100 Consolidated Shares on the Effective Trading Date.

### **2.3.2 Deposit of Share Certificates with CDP**

- (a) Shareholders who hold physical share certificates for the Existing Shares in their own names ("**Old Share Certificates**") and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates with CDP, together with duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Books Closure Date.
- (b) After the Books Closure Date, CDP will only accept the deposit of share certificates for Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their share certificates with CDP after the Books Closure Date must first deliver their Old Share Certificates to the Share Registrar, at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, for cancellation and issuance of New Share Certificates in replacement thereof as described below. Upon receipt of the New Share Certificates in their own names, Shareholders may then proceed to deposit these New Share Certificates in their own names with CDP.

### **2.3.3 Issue of New Share Certificates**

- (a) Shareholders who have deposited their Old Share Certificates with CDP at least twelve (12) Market Days prior to the Books Closure Date need not take any action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates pursuant to the Proposed Share Consolidation.
- (b) Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 as soon as possible after they have been notified of the Books Closure Date for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar upon receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of Shareholders at their own risk within ten (10) Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.
- (c) Shareholders shall deliver their Old Share Certificates to the Share Registrar in accordance with the provisions set out above only after the Company's announcement of the Books Closure Date.
- (d) Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Share Registrar for cancellation.
- (e) Shareholders should notify the Share Registrar if they have lost any of their Old Share Certificates or if there is any change in their respective addresses from that reflected in the Register of Members of the Company.

### **2.3.4 Share Certificates Not Valid for Settlement of Trades on the Mainboard of the SGX-ST**

Shareholders are reminded that their physical share certificates are not valid for settlement of trading in the Shares on the Mainboard of the SGX-ST, as the Company is under a book-entry (scripless) settlement system, but will continue to be accepted by the Share Registrar for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period. The New Share Certificates will not be valid for delivery for trades done on the Mainboard of the SGX-ST although they will continue to be *prima facie* evidence of legal title.

## **2.4 Trading Arrangement for the Shares and for Odd Lots**

### **2.4.1 Trading Arrangements for the Consolidated Shares**

Subject to the approval of the Proposed Share Consolidation by Shareholders at the AGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of one hundred (100) Consolidated Shares. Accordingly, 631,926,528 Existing Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent approximately 126,385,305 Consolidated Shares with effect from 9.00 a.m. on the Effective Trading Date. Trading in the Existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

### **2.4.2 Trading Arrangements for the Odd Lots of Consolidated Shares**

The Shares are currently traded in board lots of 100 Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts of Shareholders (being Depositors) may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares). The market for trading of such odd lots of Consolidated Shares may be illiquid. Shareholders (being Depositors) who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST should note that odd lots of Consolidated Shares can be traded on the unit share market which, following the Proposed Share Consolidation, would allow trading in odd lots with a minimum size of one Consolidated Share. As odd lots of Consolidated Shares can be traded on the unit share market, no separate arrangements will be made for the trading of such odd lots. Shareholders who continue to hold odd lots of less than 100 Consolidated Shares after the Proposed Share Consolidation may have difficulty and/or have to bear disproportionate transaction costs in realising the fair market price of such Consolidated Shares.

### **2.4.3 Fractional Shares**

Fractions of a Consolidated Share arising from the Proposed Share Consolidation may be aggregated and/or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, whether by way of sale, cancellation or otherwise. In the event that the Directors, in their absolute discretion, decide to cancel the aggregated fractions of Consolidated Shares arising from the Proposed Share Consolidation, affected Shareholders will not be paid for such fractional Shares cancelled and not issued.

## **3. RATIONALE**

3.1 The SGX-ST had on 2 March 2015 introduced a minimum trading price of S\$0.20 as a continuing listing requirement for issuers listed on the Mainboard of the SGX-ST with effect from 2 March 2015 as a continuing listing requirement. A one-time transition period of twelve (12) months will be given to affected issuers to undertake the necessary corporate actions to meet this new requirement and issuers who fail to meet such minimum trading price requirement after the transition period will be placed on the watch-list. Thereafter, issuers who are unable to take steps to raise its minimum trading price and exit the watch-list will be delisted after a thirty-six (36) month cure period.

## APPENDIX TO THE ANNUAL REPORT

- 3.2 For the six month period between June 2015 and November 2015, up to and including the Latest Practicable Date, the absolute price of the Shares had traded in a range of between S\$0.075 and S\$0.129. The relevant data, along with the transacted volume of the Shares for each month, are as follows:

	Highest Price (S\$) <sup>(1)</sup>	Lowest Price (S\$) <sup>(2)</sup>	Volume of Traded Shares <sup>(3)</sup>
June 2015	0.124	0.109	1,722,100
July 2015	0.129	0.109	2,486,300
August 2015	0.119	0.075	2,449,700
September 2015	0.092	0.078	1,543,700
October 2015	0.108	0.086	3,084,300
November 2015	0.105	0.100	1,312,000
1 December 2015 to the Latest Practicable Date	0.101	0.090	517,000

Source: Bloomberg

Notes:

- (1) The highest price was based on the highest closing price for the Shares in a particular month.  
 (2) The lowest price was based on the lowest closing price for the Shares in a particular month.  
 (3) The volume of traded Shares was based on the total volume of the Shares traded in a particular month.

- 3.3 For the six month period between June 2015 and November 2015, up to and including the Latest Practicable Date, the six-month volume weighted average price ("**6-month VWAP**") of each Share for trades done on the Mainboard of the SGX-ST was S\$0.101. Following the completion of the Proposed Share Consolidation, the theoretical adjusted 6-month VWAP of each Consolidated Share will be S\$0.505 which complies with the minimum trading price requirement.
- 3.4 In view of the above, the Directors are of the view that the Proposed Share Consolidation will generally be beneficial to the Company and Shareholders as it will facilitate the Company's ability to satisfy and be in compliance with the minimum trading price requirement.
- 3.5 **Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there any assurance that such results (if achieved) can be sustained in the longer term.**

## 4. FINANCIAL EFFECTS

- 4.1 For illustration purposes only, the financial effects of the Proposed Share Consolidation on the Group are set out below.

### 4.2 Assumptions

For the purpose of this paragraph 4, the following assumptions apply:

- (a) The pro forma financial effects of the Proposed Share Consolidation on the EPS, gearing, NTA per Share, share capital of the Group are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after the completion of the Proposed Share Consolidation.
- (b) The pro forma financial effects have been computed based on the latest audited consolidated financial statements of the Company for FY2015.
- (c) The number of Shares for the financial effects relating to the share capital of the Company, NTA per Share and EPS are based on 630,716,528 Shares (excluding treasury shares) as at 30 September 2015.
- (d) For the purposes of illustrating the effect of the Proposed Share Consolidation on the gearing, NTA per Share and share capital, it is assumed that the Proposed Share Consolidation had been completed on 30 September 2015.

## APPENDIX TO THE ANNUAL REPORT

(e) For the purposes of illustrating the effect of the Proposed Share Consolidation on the EPS, it is assumed that the Proposed Share Consolidation had been completed on 1 October 2014.

(f) There will be no fractions of Consolidated Shares arising from the Proposed Share Consolidation.

### 4.3 Share Capital

	<b>Before the Proposed Share Consolidation as at 30 September 2015</b>	<b>After the Proposed Share Consolidation</b>
Issued and paid-up Share capital (S\$)	46,710,654.955	46,710,654.955
Number of Shares <sup>(1)</sup>	631,926,528	126,385,305

Note:

<sup>(1)</sup> Based on 631,926,528 issued Shares (including treasury shares) in the Company.

### 4.4 NTA per Share

	<b>Before the Proposed Share Consolidation as at 30 September 2015</b>	<b>After the Proposed Share Consolidation</b>
NTA (RM'000)	352,304	352,304
Number of Shares <sup>(1)</sup>	630,716,528	126,143,305
NTA per Share (RM)	0.56	2.79

Note:

<sup>(1)</sup> Based on 631,926,528 issued Shares in the Company less 1,210,000 treasury shares as at the Latest Practicable Date.

### 4.5 EPS

	<b>Before the Proposed Share Consolidation as at 30 September 2015</b>	<b>After the Proposed Share Consolidation</b>
Net loss attributable to shareholders after tax (RM'000)	(363)	(363)
Number of weighted average Shares <sup>(1)</sup>	630,716,528	126,143,305
EPS (RM sen)	(0.06)	(0.29)

Note:

<sup>(1)</sup> Based on 631,926,528 issued Shares in the Company less 1,210,000 treasury shares as at the Latest Practicable Date.

### 4.6 Gearing

The proposed Share Consolidation will not have any effect on the gearing of the Company and of the Group.

## APPENDIX TO THE ANNUAL REPORT

### 5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

#### 5.1. Interests of Directors

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below.

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Dato' Jaya J B Tan	95,987,364	15.22	97,951,072 <sup>(2)</sup>	15.53
Datuk Goi Seng Hui	-	-	77,000,000 <sup>(3)</sup>	12.21
Dato' Kamal Y P Tan	95,501,072	15.14	98,437,364 <sup>(4)</sup>	15.61
Mah Weng Choong	31,437,224	4.98	-	-
Teo Chee Seng	150,000	0.01	-	-
John Lyn Hian Woon	86,000	0.02	-	-

Notes:

(1) The percentage of Shares is computed based on 630,716,528 Shares, being the total number of issued voting shares of the Company (excluding treasury shares) as at the Latest Practicable Date.

(2) Dato' Jaya J B Tan is deemed interested in the shares held by Dato' Kamal Y P Tan and Dato' Kamal Y P Tan's spouse.

(3) Datuk Goi Seng Hui is deemed interested in the shares held by Tee Yih Jia Food Manufacturing Pte Ltd.

(4) Dato' Kamal Y P Tan is deemed interested in the shares held by Dato' Kamal Y P Tan's spouse and Dato' Jaya J B Tan.

#### 5.2. Interests of Substantial Shareholders

The interests of the substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below.

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Substantial Shareholders</b>				
Dato' Jaya J B Tan	95,987,364	15.22	97,951,072	15.53
Dato' Kamal Y P Tan	95,501,072	15.14	98,437,364	15.61
Tee Yih Jia Food Manufacturing Pte Ltd	77,000,000	12.21	-	-
Datuk Goi Seng Hui	-	-	77,000,000	12.21
Cheng Chih Kwong @ Thie Tji Koang	58,033,320	9.20	-	-

Note:

(1) The percentage of Shares is computed based on 630,716,528 Shares, being the total number of issued voting shares of the Company (excluding treasury shares) as at the Latest Practicable Date.

5.3 None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Share Consolidation, save for their interests by virtue of their shareholdings and/or directorships (as the case may be) in the Company as disclosed above.

### 6. DIRECTORS' RECOMMENDATION

Having considered the terms, the rationale and the benefits of the Proposed Share Consolidation, the Directors are of the view that the Proposed Share Consolidation are in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the ordinary resolution relating to the Proposed Share Consolidation as set out in the Notice of AGM.

**7. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Share Consolidation, and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

**8. ANNUAL GENERAL MEETING**

The AGM, notice of which is circulated together with the Annual Report and this Appendix, will be held on 27 January 2016 at 10.00 a.m. at Crystal Suite, Level 2, Holiday Inn Singapore Orchard City Centre, 11 Cavenagh Road, Singapore 229616 for the purpose of considering and, if thought fit, passing with or without any modifications, the resolutions set out in the Notice of AGM, including the ordinary resolution relating to the Proposed Share Consolidation.

**9. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 no less than 48 hours before the time appointed for the holding of the AGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM in place of his proxy or proxies if he finds that he is able to do so.

A depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless shown to have Shares entered against his or her name in the Depository Register, as certified by CDP as at 48 hours before the time appointed for the AGM.

**10. DOCUMENTS FOR INSPECTION**

A copy of the Articles of the Company and the Annual Report are available for inspection during normal business hours at the registered office of the Company at SGX Centre II, #17-01, 4 Shenton Way, Singapore 068807.

Yours faithfully

For and on behalf of the Board of Directors of

**ENVICTUS INTERNATIONAL HOLDINGS LIMITED**

**Dato' Jaya J B Tan**

Non-Executive Chairman