ENVICTUS

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

ANNUAL REPORT
2017

STRENGTHENING OUR PORTFOLIO

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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 divisions and the relevant intellectual properties to Asahi Group Holdings Southeast Asia Pte. Ltd.

The Group's current business divisions comprise Trading and Frozen Food, Food Services (Texas Chicken, San Francisco Coffee and The Delicious Group), 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. Apart from Malaysia, the Group's products can be found elsewhere such as New Zealand, Australia, China, Dubai, Singapore, Pacific Islands, Brunei, Thailand, Indonesia, Cambodia, Papua New Guinea, Maldives, Maradi Niger, Bahrain, Korea and Japan. The Group's products are traded under various brand names like San Francisco Coffee, Gourmessa, Polygold, Daily Champ, Hearty Bake, Horleys, Sculpt, Replace, Covet, 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 a household name today and is also 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 the 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 and dry store facilities as well as refrigerated trucks.

To meet the rising demand for space from the Food Services Division and accommodate future expansion plans of the Group, Pok Brothers constructed a new warehouse on a plot of land in Selangor Halal Hub, Pulau Indah. Construction of the warehouse was completed in October 2017. This facility will complement the existing warehouse in Glenmarie, which will continue to serve as the central point of distribution in Klang Valley.

FOOD SERVICES DIVISION

Texas Chicken

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 has expanded Envictus' portfolio and enabled the Group to tap on synergistic opportunities in its existing Trading and Frozen Food Division. In addition, this expansion is part of Envictus' growth strategy to increase the presence of its identity and brand in its key market in Malaysia and later on to 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 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 42 outlets to-date including our flagship store in Suria KLCC, a premium mall in Malaysia. During the financial year, the Group opened a total of eleven outlets largely within the Klang Valley area in Malaysia.

Total number of outlets : 5

Locations	2013
Aeon Bukit Tinggi Shopping Centre, Klang	31 January
Sri Gombak, Batu Caves	1 March
Sunway Pyramid Shopping Mall, Subang Jaya	12 July
The Mines Shopping Mall, Seri Kembangan	19 July
Kajang	12 December

Total number of outlets : 8

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, Wangsa Maju	18 December

Total number of outlets : 9

Locations	2015
Geo Hotel, Kuala Lumpur	12 February
Damansara Uptown	19 March
Tesco Setia Alam, Shah Alam	11 June
KL Festival City Mall, Setapak	9 July
Tesco Extra Jenjarom, Selangor	30 September
PJ New Town	8 October
Evolve Concept Mall, Ara Damansara	5 November
Star Avenue Lifestyle Mall, Shah Alam	12 December
Midpoint Shopping Centre, Pandah Indah	15 December

Total number of outlets : 11

Locations	2016
M3 Residency Mall, Taman Melati, Setapak	28 January
Tesco Lukut, Port Dickson	25 February
Taman Sri Serdang, Sri Kembangan	14 April
SS15 Courtyard, Subang Jaya	28 April
Utropolis Marketplace, Glenmarie	19 May
Bandar Puchong Jaya	27 June
Seremban Gateway	15 November
KL Sogo	29 November
Sunway Velocity Mall, Sunway Velocity	8 December
Laman Rimbunan, Kepong	16 December
Nilai	27 December

Total number of outlets : 9

Locations	2017
Avenue Mall, Penang	19 January
Samila Business Center, Alor Setar	20 April
Raja Uda, Butterworth, Penang	29 August
Ikon Connaught, Cheras	21 September
Taiping Sentral Mall, Perak	25 September
Sungai Buloh	29 September
Bandar Baru Ampang	23 October
1 Utama Shopping Centre	27 October
Suria KLCC	29 November

* Updated as at 8 December 2017

San Francisco Coffee

On 28 March 2016, Envictus acquired 85% shareholding in Lyndarahim Ventures Sdn Bhd ("LVSB") which holds 100% investment in San Francisco Coffee Sdn Bhd ("SFCSB"), a specialty coffee chain business that serves house roasted coffee in Malaysia. SFCSB was then operating 28 specialty coffee outlets and two licensed outlets in Malaysia under its own brand name "San Francisco Coffee", which were supported by its central roasting plant and kitchen located in Kuala Lumpur. On 19 August 2016, Envictus acquired the remaining 15% shareholding in LVSB.

Through this strategic acquisition, SFCSB enjoys lower costs from internal sourcing within Envictus' Trading and Frozen Food Division, Bakery and Butchery businesses, while these divisions derive synergistic benefits from higher production output through the supply of its premium products to complement the specialty coffee chain business. This investment is also part of Envictus' growth strategy to increase the presence of its identity and brand in its key market in Malaysia and later on to neighbouring countries in Asia.

One of the major initiatives undertaken upon the acquisition is a rebranding exercise which introduced new concept and design of upcoming stores. The rebranding exercise was completed and announced to the public on 8 August 2017 at The Envictus headquarters in Petaling Jaya with introduction of SF Coffee's brand new logo. The brand promises to act as mood modulators for customers once they step in the outlet by satisfying the five senses and creating a pleasant cafe experience.

This initiative will allow SFCSB to become more competitive in the industry while maintaining the brand assurance of freshly roasted and high quality coffee.

SFCSB has since expanded and it now operates 38 wholly-owned specialty coffee outlets to-date (as at 8 December 2017). SFCSB's coffee outlets can be found in the following prominent office buildings and malls:- The Intermark, Menara AIA, Menara Citibank, Menara Milenium, Menara TM, Menara Dayabumi, Suria KLCC, Genting Sky Avenue, Mid Valley Megamall, Publika Solaris among others.

The Delicious Group

The Delicious Group became part of Envictus Group on 30 November 2016. Subsequently, a rebranding exercise of Delicious into a new lifestyle restaurant serving hearty Western and Asian-fusion cuisine was being implemented. The name Delicious was maintained as it is well-known and holds sentimental value for their existing customers as it has garnered a strong reputation for quality, presentation and value. This new concept offers more than just good food. Delicious outlets are places where one can find comfort, peace and laughter with their dining experience. Using fresh and premium ingredients, Delicious believe in offering tasty, wholesome food at reasonable prices. Renovation for the new 'Grand Cafe' concept in 1 Utama Shopping Centre was completed in March 2017, offering customers great food in a relaxed ambience.

On 24 October 2017, Delicious renovated its second Grand Café. This outlet in Bangsar Village II is situated in the center of the most affluent residential area in Kuala Lumpur and is the flagship store under the Delicious chain. With an area of 4,939 sq ft, this outlet offers a range of dining experiences – from cosy corner to leisure alfresco and relaxing dining floor to refreshing bar section. It also offers a wide selection of pizzas with 11 different flavours for diners.

On 14 December 2017, Delicious completed its renovation of its third Grand Café at St. Mary Place. Situated next to the Golden Triangle, this outlet offers a unique and large alfresco dining area, a buffet area which can be converted to a bar seating arrangement, as well as a comfy cosy corner to unwind. There is live music in the evening to serenade the diners.

With the completion of renovation at St. Mary Place, the Group owns and operates three Grand Café under its Delicious brand.

NUTRITION DIVISION

Naturalac Nutrition Limited ("NNL"), a marketer of **branded sports nutritional food and beverages** including products marketed 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) and Replace™ (an isotonic sports drink in powdered format).

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. Most recently, NNL also launched a range of nut milks under the Covet™ brand name. The Covet range is manufactured by Envictus Dairies NZ Limited, another subsidiary in Envictus Group.

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 premium frozen bakery products for supply to hotels, bakeries, restaurants, cafes and supermarkets under its brand name Hearty Bake. It also supplies its products to Subway Malaysia and TGIF Japan. Hearty Bake products are being produced in different fabrication stages, called convenience stages in order to better cater to the needs of our customers. Customers have the option to buy raw dough, par baked, pre-proven, thaw and serve bakery products.

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 Bakery Group, consisting of Family Bakery Sdn Bhd and Daily Fresh Bakery Sdn Bhd.

On 30 October 2017, the Group entered into a conditional share sale agreement for the proposed disposal of Family Bakery Group and its intellectual property rights under "Family" and "Daily Fresh" brands for RM1.5 million. The disposal was completed on 18 December 2017.

Butchery

Gourmessa Sdn Bhd ("Gourmessa") 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. Gourmessa also plans to expand to export market.

The operations of Gourmessa was affected by the limited capacity of its present leased facility in Glenmarie. Therefore, plans were put in place for relocation of the facility to Selangor Halal Hub, Pulau Indah whereby bigger production facilities were built to cater for increased demand. Construction of the new facility was completed in October 2017. Gourmessa will be relocating to its new manufacturing facility after obtaining the relevant certification and approval. This would include obtaining the Certificate of Fitness (CF) and undergoing a two months trial production run for compliance with FSSC 2200 Food Safety System version four certification. Thereafter, it will seek approval from Department of Islamic Development Malaysia (JAKIM), Department of Veterinary Services (DVS) and Ministry of Health before relocating to our new plant in Pulau Indah in March 2018. Meanwhile, production will continue in Glenmarie.

Beverages

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

Contract Packing

The Group entered into the ready-to-drink segment by way of joint venture partnership in Envictus Dairies NZ Limited ("EDNZ") with four other shareholders 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. Since then, EDNZ has built a solid platform for Aseptic PET contract bottling for a range of approximately twenty large and small clients who are selling their own branded aseptic beverage products in the Oceania and Asia regions.

EDNZ has developed significant intellectual property around product development, ingredient handling and batching, fresh milk processing including standardising, batching (from powders, pastes and purees), heat treatments (UHT, pasteurising and milk heat stability), PET injection moulding, blow moulding, aseptic filling, sleeve labelling, case packing, palletising, warehouse systems, logistics, QA and lab testing. EDNZ has developed other competencies which are quite unique such as lactase enzyme dosing (for lactose free products), custom bottle shapes and ATP commercial sterility testing for Aseptic beverages.

The plant, located at Whakatu Industrial Park, near Hastings, is ideally-suited for bottling operations with its existing resources, including substantial bore water rights, trade waste discharge rights and close proximity to Napier Port.

The plant currently produces UHT white milk for the China and Taiwan markets, flavoured milk (typically chocolate, coffee, strawberry and banana) for Australasia, pet milk (a lactose free formulation suitable for cats and dogs) and fruit juice (typically from apple or kiwifruit - fresh or concentrate) for local and Asian markets. In the past two years, it has been producing a range of non-dairy alternative nut milks including almond, coconut and macadamia. It has also developed and launched its ready-to-drink sports nutrition beverage including isotonic drinks, milk protein drinks (includes Horleys Protein Hit), weight loss water and pre-workout drinks. The plant continues to focus on new product offerings to meet the increase in consumer demand for more aseptically bottled beverages.

KEY MILESTONES

2004 DECEMBER

Etika International Holdings Limited ("EIHL") was listed on SGX-SESDAQ (now known as SGX Catalist) on 23 December 2004.

2006 FEBRUARY

Made first acquisition pursuant to listing - 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.

2007 FEBRUARY

Acquired Naturalac Nutrition Limited ("NNL") based in New Zealand vide our wholly-owned subsidiary, Etika (NZ) Limited on 8 February 2007.

JULY

Completed acquisition of a canned beverage manufacturing plant by Etika Beverages Sdn Bhd on 3 July 2007.

2009 MARCH

Entered JV in New Zealand vide Etika Dairies NZ Limited, 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.

2009 JUNE

Upgraded to SGX Mainboard on 18 June 2009.

2010 OCTOBER

Acquired 100% equity interest in Family Bakery Sdn Bhd, Daily Fresh Bakery Sdn Bhd and Hot Bun Food Industries Sdn Bhd on 1 October 2010; makes entry into the manufacturing and distribution of fresh baked breads and buns.

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.

2013 JANUARY

Increased equity holding in Etika Dairies NZ Limited from 60.7% to 63.4% vide a wholly-owned subsidiary, Etika (NZ) Limited 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 on 25 March 2013.

2014 FEBRUARY

Increased equity holding in Etika Dairies NZ Limited from 63.4% to 72.3% vide a wholly-owned subsidiary, Etika (NZ) Limited on 27 February 2014.

JUNE

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

Disposed dairies and packaging businesses and the relevant intellectual property to Asahi Group Holdings Southeast Asia Pte Ltd on 30 June 2014 for US$328,787,704.

JULY

Acquisition of two shelf companies, Polygold Foods Sdn Bhd ("PFSB") and Polygold Marketing Sdn Bhd ("PMSB") by Etika Industries Holdings Sdn Bhd on 1 July 2014. The principal activity of PFSB 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

2014 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

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

OCTOBER

Acquired 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 JUNE

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

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

2015 OCTOBER

Acquired leasehold property with a 99-year lease expiring on 26 May 2017 located at 11, Jalan 225, 46100 Petaling Jaya, Selangor Darul Ehsan from Continental Oasis Sdn Bhd to cater for future office space requirement.

NOVEMBER

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

DECEMBER

Polygold Beverages Sdn Bhd, a wholly-owned subsidiary of the Company, acquired eight plots of land with 99-year lease expiring on 24 February 2017 in Selangor Halal Hub, Pulau Indah on 10 December 2015.

Platinum Appreciation Sdn Bhd ("PASB"), a wholly-owned subsidiary of the Company together with Brothers Coffee Ventures Sdn Bhd entered into a conditional sale and purchase agreement with Prinsip Lagenda Sdn Bhd and Datuk Abdul Rahim bin Mohd Zin on 14 December 2015 to acquire the entire issued and paid-up share capital of Lyndarahim Ventures Sdn Bhd ("LVSB") in relation to the acquisition of San Francisco Coffee Sdn Bhd.

KEY MILESTONES

2016

FEBRUARY

On 12 February 2016, the Company completed its share consolidation exercise of every five existing issued ordinary shares 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.

MARCH

Platinum Appreciation Sdn Bhd ("PASB") completed 85% acquisition of the entire issued and paid-up share capital of LVSB on 28 March 2016.

JUNE

Change of name of wholly-owned subsidiary, Platinum Appreciation Sdn Bhd to Envictus Food Services Sdn Bhd with effect from 21 June 2016.

AUGUST

Envictus Food Services Sdn Bhd increased its shareholding in LVSB from 85% to 100% on 19 August 2016 by acquiring the balance of 15% from Brothers Coffee Ventures Sdn Bhd.

SEPTEMBER

Incorporation of new subsidiary company in Singapore known as Envictus QSR Pte Ltd on 6 September 2016 for investment holding purposes.

NOVEMBER

Envictus Food Services Sdn Bhd, a wholly-owned subsidiary of the Company acquired The Delicious Group Sdn Bhd ("TDGSB"), which is engaged in the business as a café and restaurant operator on 30 November 2016.

2017

MARCH

Incorporation of new subsidiary in Indonesia, PT Quick Service Restaurant ("PTQSR") on 21 March 2017 following the subscription of its shares by the Company's wholly-owned subsidiaries, Envictus QSR Pte Ltd and Envictus Capital (Labuan) Inc. PTQSR is principally engaged in fast food restaurant business.

OCTOBER

Change of name of its wholly-owned subsidiary, Polygold Foods Sdn Bhd to Envictus Dairies Marketing Sdn Bhd ("EDMSB"), with effect from 17 October 2017. The principal activity of EDMSB is to serve as a distribution company for sales and marketing of dairy food and beverages.

De-luxe Food Services Sdn Bhd, a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement with Marco Flagship Sdn Bhd and Wong Ng Moh Tian @ Wong Moh Tian on 30 October 2017 for the sale of:

(i) 100% of the issued and paid-up share capital in Family Bakery Sdn Bhd; and
(ii) 100% of the issued and paid-up share capital in Daily Fresh Bakery Sdn Bhd with the intellectual property rights of 'Family' and 'Daily Fresh' brands for RM1.5 million.

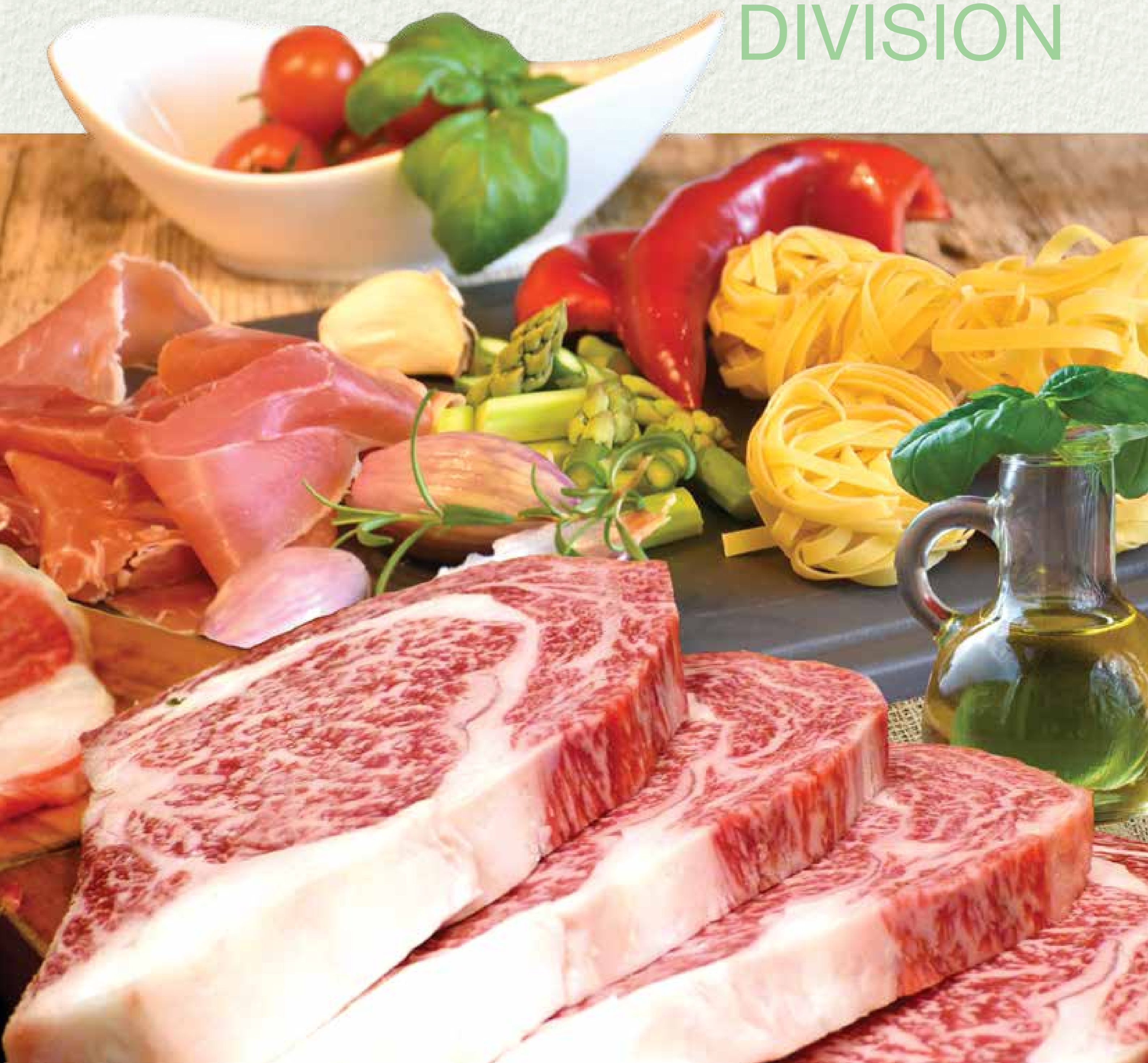
The disposal was completed on 18 December 2017.

2017

NOVEMBER

Polygold Holdings Sdn Bhd, a wholly-owned subsidiary of the Company entered into a conditional share sale agreement on 15 November 2017 for the proposed acquisition of 100% of the total issued and paid-up shares of Motivage Sdn Bhd for a consideration of RM24 million, to be satisfied by a combination of cash and the allotment and issuance of 15,775,210 shares in the capital of the Company.

TRADING AND FROZEN FOOD
DIVISION



MESSAGE
FROM THE CHAIRMAN

DEAR
VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Envictus International Holdings Limited, it is my great pleasure to present to you the Annual Report for the full year ended 30 September 2017 ("FY2017").

DATO' JAYA J B TAN,
NON-EXECUTIVE CHAIRMAN

Group's revenue growing 13.1% to RM410.3 million for FY2017 as compared to RM362.7 million in the previous year ("FY2016").

Group's Revenue

RM410.3 million

2016: RM362.7 million

REVIEW OF FINANCIAL PERFORMANCE

Our strategy to develop new revenue streams and bring quality F&B products that appeal to evolving consumer taste and preferences has continued to bear fruit, with the Group's revenue growing 13.1% to RM410.3 million for FY2017 as compared to RM362.7 million in the previous year ("FY2016").

The robust topline growth of RM47.6 million was mainly driven by our fastest growing Food Services Division, a strong testimony of the wide market acceptance of Texas Chicken. Concurrently, we also saw revenue contributions from the San Francisco Coffee chain and the newly acquired Delicious restaurants business.

The Food Services Division's topline continued its strong showing, achieving a significant 60.2% growth to RM129.1 million in FY2017, up from RM80.6 million in FY2016. This was driven by an expansion of Texas Chicken, with the opening of 11 additional new restaurant outlets during the year under review. Concurrently, the San Francisco Coffee chain, which has grown to 37 stores from 28 reported last year, posted an additional sales of RM12.6 million to the division's revenue. The newly acquired Delicious restaurants business also contributed an additional RM6.2 million to topline growth in FY2017.

Despite weak market sentiment and amidst strong competition, both the Food Processing and Trading and Frozen Food Divisions achieved marginally higher sales to reach RM76.2 million and RM170.9 million respectively in FY2017. The Food Processing segment experienced better sales performance of its Contract Packing for Dairy and Juice based drinks business, which more than offset the lower revenue from the beverage business, as this division saw a lower demand arising from the continued slowdown of China market and ongoing keen competition in the local market. Overall, an improved performance of these three divisions more than offset the decline in revenue from the Nutrition Division, which reported sales of RM34.2 million in FY2017.

During the year, we continued to invest in the growth of Texas Chicken and San Francisco Coffee and incurred operational costs including a rebranding exercise for our newly acquired Delicious restaurants business. At the same time, we took impact from a one-off impairment loss for our quoted investments in Yamada, which applied for trading suspension on the Singapore Exchange on 6 September 2017 due to various factors, including its inability to produce its financial statements and a fire incident that has destroyed certain financial documents and IT/Computer hardware.

Correspondingly, the Group posted a loss after tax of RM53.5 million in FY2017, against a profit after tax of RM1.5 million in FY2016.

The Group's balance sheet remained robust with cash and cash equivalents of RM48.9 million while shareholders' equity was RM305.3 million as at 30 September 2017.

NURTURING NEW INCOME STREAMS, UNLOCKING VALUE

We are pleased that Texas Chicken remains a 'star performer' within the Food Services division. Leveraging on Texas Chicken's strong branding, we have continued to expand during the year, opening 11 additional new restaurant outlets and another three stores recently, in Bandar Baru Ampang, 1 Utama Shopping Centre and Suria KLCC which is our flagship store located in a premium mall in Malaysia, to reach the current 42 stores. Apart from a growing number of stores, revenue was also driven by the success of the operations executions, marketing strategy and limited offers. To us, this represents a strong endorsement of the good market acceptance of its product quality, value, and brand recognition.

San Francisco Coffee too has made good progress, growing from 28 outlets at acquisition to 38 to date (including one new outlet opened in Sg. Buloh in November), with plans to open twelve new stores in FY2018. Notably, San Francisco Coffee has made good progress following its rebranding, refreshed menu and new concepts. In line with its rebranding, the new concept will enable this gourmet retail chain to make a presence in malls and lifestyle market, diversifying from the current niche market which focuses mainly on office buildings.

We have also completed the rebranding exercise of our latest acquisition, the Delicious Group, which became part of the Envictus Group in November 2016, thereby successfully 'transforming' Delicious into a new lifestyle restaurant concept serving Western and Asian-fusion cuisine. We've renovated two restaurants during the year under review, with a third, Delicious St Mary, expected to be ready for business before Christmas this year.

Indeed, our expansion into Texas Chicken and San Francisco Coffee chain has proven to be successful, and is also part of our growth strategy to increase the presence of the Group's identity and brands in Malaysia and later to its neighboring countries. At the same time, we are able to extract value and improve margins from these past acquisitions by enhancing product offerings, sharing of resources and tapping on R&D assistance from other business divisions. We have adopted the same strategy for The Delicious Group which was acquired during the year under review.

Notably, to meet the rising demand for space from the Food Services Division and accommodate future expansion plans of the Group, Pok Brothers has completed the construction of a new warehouse in Selangor Halal Hub, Pulau Indah in October 2017. This facility will complement the existing warehouse in Glenmarie, which will continue to serve as the central point of distribution in Klang Valley. In addition, Gourmessa will also be relocating its operations to its newly constructed factory building in this Hub in the second quarter of FY2018. Given the enlarged facility, there will also be a focus on export sales from the second quarter of 2018 onwards, and upon obtaining its halal certification. There are opportunities for the Food Services Division to further tap on the supply of cold cuts, sausages, portion control meat and smoked salmon, from Gourmessa.

Overall, apart from prudent expansion of our business segments, we will also look for opportunities to unlock value through selective divestments. On 18 December 2017, we have completed the disposal of our non-profitable wholly-owned Family Bakery Sdn Bhd and Daily Fresh Bakery Sdn Bhd, which are primarily involved in the manufacture and distribution of fresh-baked breads and buns as well as the trading of cakes and biscuits. The divestment will enable the management team to focus their time and resources to the Group's core business divisions.

OUTLOOK AND PROSPECTS

The year ahead is not without its challenges. With a clear focus on driving profitability by extracting greater value and synergies amongst our four business segments, we are confident of our resilience and ability to ride it through well.

For Food Services, we will continue to leverage on Texas Chicken's brand and its ability to improve site selections and rental terms by opening at least 11 stores in the north and south of Peninsular Malaysia, if not more, for the next 12 months. This, together with Texas Chicken's ability to negotiate for better prices of most food costs and constant sourcing of suppliers to complement its growing business, will ensure greater price and market competitiveness.

As for San Francisco Coffee, we are confident that with the completion of the re-branding exercise, this initiative will allow it to become more competitive in the industry while maintaining the brand assurance of freshly roasted and high quality coffee. At the same time, the Group will continue to nurture the newly-acquired Delicious business, fine tuning its concept and ambience where feasible, to enhance our customers' dining experience.

As for the Nutrition Division, the re-launch of product range and our new E-commerce initiative will be top on our priority to capitalise on rapidly growing opportunities.

The Food Processing Division continues to be pressured by factors such as increasing raw material import prices due to the weak Ringgit, lacklustre consumer sentiment and intense competition. To mitigate these challenges, we have implemented cost controls and price increase for certain products and are in the midst of executing strategies to diversify into other markets, as well as focusing on new product offerings to drive revenue potential.

WORD OF APPRECIATION

At this point, I would like to express my deepest appreciation to my fellow Board members for their invaluable counsel and insight in overseeing the Group. My heartfelt thanks to our management and staff for their dedication and hard work in bringing us to where we are today, as well as our business associates, partners, suppliers and loyal customers for their generous support over the years.

I would like to take the opportunity to welcome back Mr Khor Sin Kok, our Deputy Group CEO, who was one of the key management involved in the setting up of Etika Dairies. We believe that given his extensive experience, in-depth knowledge and understanding of the Group, Mr Khor would be an asset to Envictus.

To our shareholders who continue to stand behind us, I would like to extend my deepest gratitude for maintaining your faith in us.

IN CLOSING

Despite the challenging retail environment, we remain cautiously optimistic on the long-term F&B prospects for Southeast Asia, supported by improving consumer sentiment, a widening middle class and increasing consumption power. We are excited to be on a journey to further enhance Envictus' market position as a preeminent regional F&B group, and continually create value for all our stakeholders.

FOOD SERVICES DIVISION

REVIEW OF OPERATIONS

13.1% growth

in the Group revenue was mainly contributed by the Food Services Division

Food Services Division posted **60.2%** higher revenue of RM129.1 million

Significant sales growth by Contract Packing business of **35.7% to RM23.2 million**

Financial year ended 30 September 2017 was a year of expansion to boost revenue streams and further extract synergies and value between our four business segments.

The Group's core business segments are as follows:

1. Trading and Frozen Food Division;
2. Food Services Division – Texas Chicken, San Francisco Coffee and Delicious restaurants businesses;
3. Nutrition Division; and
4. Food Processing Division comprising of:
   - Bakery;
   - Butchery;
   - Beverages; and
   - Contract Packing for Dairy and Juice based drinks.

Envictus remains committed to delivering quality F&B products to meet evolving consumer taste and establishing ourselves as a preeminent regional F&B group.

CONSOLIDATED INCOME STATEMENT

The Group recorded a revenue of RM410.3 million as compared to RM362.7 million in the previous corresponding year. The 13.1% growth in the Group revenue was mainly contributed by the Food Services Division.

Food Services Division posted 60.2% higher revenue of RM129.1 million, against RM80.6 million in FY2016. The higher topline was driven mainly by Texas Chicken which achieved an increase in revenue of RM29.7 million, from RM70.2 million to RM99.9 million, as a result of higher sales from existing outlets and the opening of eleven new restaurant outlets. The improved sales performance by Texas Chicken was attributed to market acceptance of its products quality, value and brand recognition.

San Francisco Coffee chain with 37 stores and the newly acquired Delicious restaurants business have also contributed an additional RM12.6 million and RM6.2 million respectively to the Division's revenue.

Revenue from the Food Processing Division grew marginally from RM75.1 million to RM76.2 million, which was primarily due to the improved performance by our Contract Packing for Dairy and Juice based drinks business that recorded a significant sales growth of 35.7% to RM23.2 million on the back of higher sales volume from existing and new customers. However, the Division was impacted by the beverages business which recorded lower sales of RM12.2 million, against RM17.7 million in the preceding year, amid lower demand arising from the continued slowdown of the China market and ongoing competition in the local market.

Trading and Frozen Food Division's revenue rose by 0.2% from RM170.6 million to RM170.9 million despite the weak consumers' sentiment and the ever increasing food costs and the shortages of meat and dairy products.

Nutrition Division's revenue declined from RM36.3 million to RM34.2 million, on the back of stronger competition from the Australian and New Zealand brands as well as the US brands. Moreover, the Malaysian sales channel has significantly dropped due to weak market sentiment.

The Group's gross profit margin improved from 30.4% to 33.1% year-on-year on the back of higher sales contribution from the Food Services Division which derives higher margin from their products.

Other operating income came to RM16.7 million, which was 33.0% lower than RM24.9 million in previous corresponding year. The reduction in the operating income was mainly due to the one-off gain of RM9.6 million on the disposal of land and building in Indonesia in FY2016. The other operating income comprises mainly the income from held-for-trading investments of RM6.1 million, reversal of over provision of incidental costs on disposal of subsidiaries of RM2.8 million, foreign currency fluctuation gain of RM1.9 million and rental income from corporate building of RM1.6 million.

Operating expenses rose by 54.6% to RM197.0 million from RM127.4 million, mainly as a result of the impairment loss for a quoted investment amounting to RM32.9 million (which includes RM15.5 million fair value adjustment previously recognised in the fair value reserve now recycled to the profit or loss) in Yamada Green Resources Limited ("Yamada") – a major grower, manufacturer and supplier of fresh and processed agricultural products in China, which was listed on the Mainboard of Singapore Exchange in 2010. Yamada applied for trading suspension on the Singapore Exchange on 6 September 2017 due to various factors including its inability to produce its financial statements and a fire incident that has destroyed certain financial documents and IT/Computer hardware.

Additionally, higher operating expenses was also due to increase in selling and marketing expenses as well as administrative expenses, rising by 49.5% and 14.8%, respectively to support the expansion of Texas Chicken restaurants and San Francisco Coffee chain businesses, as well as covering the operating costs of the newly acquired Delicious restaurants businesses.

Finance costs increased from RM4.2 million to RM5.0 million, mainly due to higher bank borrowings to partially finance the acquisition of Pulau Indah land and the investment in quoted investment, coupled with additional hire purchase facilities utilised to finance the set-up costs of the new outlets.

The Group recorded an income tax expense of RM4.1 million, mainly due to profits generated by certain subsidiaries and the non-availability of group relief for losses incurred by certain subsidiaries.

Overall, the Group registered a loss after tax of RM53.5 million, as compared to a profit after tax of RM1.5 million in the previous corresponding financial year.

STATEMENTS OF FINANCIAL POSITION

Under the Group's non-current assets, the increase of RM60.9 million in property, plant and equipment was largely attributed to the construction of factory buildings and set up costs for the new outlets of RM56.2 million and RM23.1 million, respectively. Investment properties increased by RM3.9 million mainly due to the reclassification from property, plant and equipment for the land and building leased out to a third party. Intangible assets rose by RM2.2 million which was mainly from the identified goodwill and brand value of RM1.7 million arising from the acquisition of Delicious restaurants business. The Group's investment in available-for-sale financial assets declined significantly by RM16.8 million following the recognition of impairment loss arising from the trading suspension of the quoted investment listed on the Singapore Exchange. As a result, these components have contributed to an overall increase in non-current assets by RM49.8 million.

Inventories increased by RM0.9 million resulting from higher stocks holding which is in line with the increase in sales and additional outlets under the Food Services Division. Trade and other receivables increased by RM2.6 million due mainly to deposits and prepayments paid for setting up the new outlets, as well as receivables of a newly acquired subsidiary. Part of the cash and bank balances together with the RM39.3 million proceeds from the disposal of held-for-trading investments were utilised for the construction of factory buildings, set-up costs for new restaurant outlets and acquisition of a subsidiary. These have resulted in an overall decline in the current assets by RM41.6 million.

The Group's current liabilities declined by RM2.5 million largely due to reduction of bank borrowings of RM5.7 million, following a lower usage of trade line facilities during the financial year. The increase in finance lease payables by RM1.6 million was largely utilised to finance the set-up costs for new outlets. The construction of factory buildings and set-up costs of the new outlets has resulted the trade and other payables to increase by RM1.8 million.

The Group's non-current liabilities increased by RM47.7 million primarily due to higher bank borrowings of RM46.0 million to finance the construction of factory buildings, coupled with an increase of RM1.5 million in finance lease payables to fund the set-up costs of new outlets.

CASHFLOW POSITION

The Group recorded a net decrease in cash and cash equivalents of RM9.6 million for the current financial year ended 30 September 2017.

The profit generated from operations before working capital changes came to RM6.2 million and collection from trade and other receivables amounted to RM2.7 million. These were utilised for the settlement of trade and other payables of RM4.5 million, built-up of inventories of RM2.7 million, income tax payment of RM2.5 million and interest payment of RM1.3 million, thereby resulting in net cash used in operating activities of RM2.1 million.

During the financial year, the Group utilised RM81.4 million mainly for the purchase of property, plant and equipment. Cash amounting to RM43.8 million were largely raised from the sale of held-for-trading investments, dividend and interest received. These resulted in net cash of RM37.6 million used in investing activities.

Net cash generated from financing activities of RM30.2 million resulted from the drawdown of bank borrowings of RM126.0 million to finance the construction of factory buildings and additional trade line facilities taken. This amount was reduced by RM95.8 million for the settlement of bank borrowings, hire-purchase payables and interest.

SEGMENTAL REVIEW BY BUSINESS DIVISIONS

BUSINESS SEGMENTS	FY2017 RM'000	FY2016 RM'000
REVENUE		
Trading and Frozen Foods	170,907	170,577
Food Services	129,088	80,647
Food Processing	76,178	75,102
Nutrition	34,158	36,348
	410,331	362,674
(LOSS)/ PROFIT BEFORE TAX		
Trading and Frozen Foods	11,967	10,882
Food Services	(13,486)	(8,194)
Food Processing	(13,818)	(8,517)
Nutrition	(1,309)	374
Unallocated	(32,794)	8,967
	(49,440)	3,512

The Group's businesses comprise of the Trading and Frozen Food, Food Services, Nutrition and Food Processing divisions. The Trading and Frozen Food Division contributed 41.7% of total revenue. This was followed by the Food Services, Food Processing and Nutrition Divisions which contributed 31.5%, 18.6% and 8.2% to total revenue respectively. Overall, the Group made a loss before tax of RM49.4 million.

TRADING AND FROZEN FOOD DIVISION

The Trading and Frozen Food Division's revenue grew marginally by 0.2% to RM170.9 million from RM170.6 million, despite the weak consumers' sentiment and challenging market conditions. The Division posted a profit before tax of RM12.0 million as compared to RM10.9 million due mainly to lower advertising and promotion spending as well as a decrease in interest costs, which resulted from lower usage of trade line facilities during the financial year.

Segmental assets increased by 8.6% from RM117.6 million to RM127.7 million mainly attributed from the increase in property, plant and equipment for the construction of factory building. Segmental liabilities also increased from RM42.5 million to RM47.9 million primarily due to higher bank borrowings to finance the construction of factory building.

FOOD SERVICES DIVISION

The Food Services Division comprises of Texas Chicken, San Francisco Coffee and Delicious restaurants businesses.

The Division posted a robust 60.2% growth in topline to RM129.1 million from RM80.6 million, which was boosted mainly by Texas Chicken, which saw its revenue grew from RM70.2 million to RM99.9 million, on the back of the opening of eleven new restaurant outlets, and improved sales performance by existing outlets, attributed to market acceptance of its products quality, value and brand recognition.

San Francisco Coffee chain and the newly acquired Delicious restaurants businesses contributed an additional RM12.6 million and RM6.2 million revenue respectively to the Division. However, the Division posted a loss before tax of RM13.5 million as compared to RM8.2 million in the previous financial year, as a result of higher selling, marketing and administrative expenses to support the expansion of the Division's businesses.

The increase in property, plant and equipment following the opening new outlets during the financial year contributed mainly to the increase in the segmental assets which rose from RM57.5 million to RM79.0 million. Segmental liabilities increased by 27.8% to RM35.9 million from RM28.1 million principally due to higher payables and additional hire-purchase facilities to finance the set-up costs for new restaurant outlets.

NUTRITION DIVISION

The sports nutrition and dietary supplements business posted a lower revenue of RM34.2 million as compared to RM36.3 million a year ago. The lower sales was primarily due to more competitively priced US brands as well as a significant increase in dealings by Australian and New Zealand brands as they compete to retain market share. Additionally, the Division's market share has declined in the key New Zealand supermarket channel which is due to aggressive competitor promotional programmes. The Malaysian sales channel has significantly declined due to weak market sentiment. The Division recorded a loss before tax of RM1.3 million as compared to a profit before tax of RM0.4 million in the previous financial year.

Segmental assets had decreased by 7.2% to RM20.6 million from RM22.2 million, principally attributable to the decrease in property, plant and equipment and lower inventories level. Segmental liabilities reduced to RM4.1 million from RM5.0 million largely due to the settlement of bank borrowing during the financial year.

FOOD PROCESSING DIVISION

The Group's Food Processing Division comprises of the Bakery, Butchery, Beverages and Contract Packing for Dairy and Juice based drinks businesses.

The Division has achieved a slight growth in sales of 1.5% from RM75.1 million to RM76.2 million. This was primarily driven by better performance of Contract Packing for Dairy and Juice based drinks business which has contributed significant sales growth of 35.7%, from RM17.1 million to RM23.2 million on the back of higher sales volume from existing and new customers. However, the Division was impacted by revenue from the beverages business which fell from RM17.7 million to RM12.2 million amid lower export and local sales arising from the continued slowdown of the China market and ongoing price war amongst the local competitors. As a result, the Division incurred a loss before tax of RM13.8 million as compared to RM8.5 million in the previous financial year.

Segmental assets moved up by 19.6% from RM132.2 million to RM158.1 million largely due to increase in property, plant and equipment for the construction of factory building while segmental liabilities increased by 99.6% from RM28.5 million to RM56.9 million mainly due to the corresponding higher borrowings.

PERFORMANCE REVIEW BY GEOGRAPHICAL SEGMENTS

GEOGRAPHICAL SEGMENTS	FY2017 RM'000	FY2016 RM'000
REVENUE		
Malaysia	346,894	304,495
New Zealand	45,832	31,176
Australia	9,318	18,589
China	4,518	6,465
Asean (excluding Malaysia)	956	937
Others	2,813	1,012
	410,331	362,674

The Group recorded an overall increase in revenue of RM47.6 million. Malaysia remained the Group's core market, contributing RM346.9 million or 84.5% of total revenue. This was followed by New Zealand which contributed RM45.8 million or 11.2% of the topline and Australia accounting for RM9.3 million or 2.3% of revenue. China contributed RM4.5 million or 1.1% of revenue while the rest was from Asean (excluding Malaysia) and others with individually insignificant revenue.

MALAYSIA

Malaysia continued to be the Group's key growth market, contributing 84.5% to the Group revenue. Revenue rose by 13.9%, from RM304.5 million in FY2016 to RM346.9 million in FY2017, due largely to higher sales volume generated by the Food Services Division which opened eleven additional Texas Chicken outlets and San Francisco Coffee stores respectively, coupled with revenue contribution from the newly-acquired Delicious restaurants businesses.

NEW ZEALAND & AUSTRALIA

Revenue rose by 10.8%, from RM49.8 million to RM55.2 million, driven by the Contract Packing for Dairy and Juice based drinks business which achieved higher sales volume from existing and new customers.

CHINA

Revenue declined by RM1.9 million or 30.1% mainly due to lower export sales resulting from the continued economic slowdown in China and keen competition.

PROSPECTS AND GROWTH PLANS

Trading and Frozen Food Division

With the slight recovery of the Malaysian Ringgit over the last few quarters, the currency has remained range bound against the US Dollar. However, food costs continue to increase, particularly due to the inability to obtain supplies of meat and dairy products. The increased costs and the implementation of the GST have resulted in tightening of spending by consumers.

Prices of lamb and mutton from Australia and New Zealand continue to increase due to the shortage of animals, which pushed farmers to demand higher prices. Although the price for lamb shoulder has declined due to lower demand from China, obtaining the required supply quantity is difficult. Moreover, the suspension of importation from three plants in Australia by the Department of Islamic Development Malaysia has made sourcing for beef difficult, although the price of beef has been stable.

The main supplier for cheese and butter from Australia has temporarily suspended production due to the severe shortage of milk. Efforts to source from other countries were also challenged due to the same reason or prices quoted are generally significantly higher. As a result, the revenue for cheese and butter was impacted.

Pok Brothers has completed the construction of its new warehouse facility in the Selangor Halal Hub in Pulau Indah. The move to the new premises in December will cater for future expansion and growth. The existing facility in Glenmarie will continue to serve as the central distribution point for Klang Valley. Moving forward, the Division expects the operating costs associated with a bigger facility to impact the bottom line until the contribution of new revenue streams. Additionally, unless there is an improvement on the food supplies, the next twelve months will be very challenging for the Division to maintain or improve its performance.

Food Services Division

Prices of most raw materials have been stable following the slight recovery of the Malaysia Ringgit against the US Dollar. Consumers' sentiment remains weak after the implementation of the GST which triggered an increase in prices of goods and services compounded with the increase in toll charges, reduced rebates for electricity charges as well as higher fuel price. All these factors have resulted in a slower retail market with consumers tightening their expenditures. Despite these factors, Texas Chicken is able to sustain healthy sales due to market acceptance of its brand, products quality, value and services.

Texas Chicken operates

41 stores

to date

San Francisco Coffee operates

37 stores

in total at the end of FY2017

For Texas Chicken, bone-in-chicken price from one of its major suppliers has increased slightly while others remained unchanged based on existing contracts. Higher rebates have been obtained from certain suppliers upon achieving the targeted volume. Overall, Texas Chicken should be able to negotiate for better prices of most food costs as it will be in a better bargaining position when volume grows in tandem with the increasing number of outlets. The Division also constantly source for new suppliers to complement its growing business to ensure the lowest prices are obtained.

The topline of existing stores continues to strengthen on the back of successful operations executions, marketing strategy and limited time offers together with the growing number of outlets. Supported by the continuing brand strength of Texas Chicken, the fast food chain has been attracting offers from malls and shop lots in and outside the Klang Valley. As a result, Texas Chicken has been able to improve the site selections and rental terms.

For the current quarter, Texas has opened three new stores located in Cheras, Taiping and Sungai Buloh. During the financial year 2017, it opened a total of eleven stores and has recently opened another two stores in Bandar Baru Ampang and 1 Utama Shopping Centre, bringing a total of 41 stores to date. For the next twelve months, Texas is expected to continue to open at least the same number of stores, if not more, subject to availability of suitable sites.

In respect of San Francisco Coffee, prices of most raw materials have been stable since the slight recovery of the Ringgit against the US Dollar. Sourcing for alternative suppliers has yielded some positive results for imported raw materials like syrups, local cups and lids. Milk price remains stable.

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

To celebrate San Francisco Coffee's 20th anniversary in August 2017, the coffee chain launched a new logo, accompanied with a refreshed menu as well as new store concepts, which will enable the brand to make a presence in malls and lifestyle market, diversifying from the current niche market that focuses mainly on office buildings.

For the financial year ended 2017, San Francisco Coffee has opened eleven stores, with latest store opened at Melawati Mall in July 2017. It also bought over a franchise store, bringing the total number of stores to 37. It also planned to open another twelve stores for the next twelve months.

Nutrition Division

Dairy ingredients in the form of milk powders and highly specialised whey proteins make up a significant component of the Division's costs. International prices for milk powder has remained relatively stable in recent months, reflecting a continuation of the widely-held view that the worldwide supply position has reached

an equilibrium level. Prices for specialised whey proteins purchased for the manufacture of Horleys products do not always directly follow the price trends for Whole and Skim milk. After a period of rising prices for these ingredients, they have now stabilised. The company predominantly draws their specialised protein ingredients exclusively from Fonterra Cooperative, New Zealand's preeminent dairy product supplier. All remaining raw materials and packaging requirements are actively tendered via the company's contracted powder products manufacturer on an open book costing basis.

The Division markets their range of sports nutrition and weight management products under the Horleys brand. The Horleys brand has been losing market share in the key New Zealand supermarket channel and currently holds 23%[1] market share of New Zealand key accounts. The aggressive promotional programme activated by key competitor, Vitaco, continues to be the primary reason for the loss of market share.

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

The Horleys marketing team have reviewed each of Horleys product sub ranges and are progressively relaunching these ranges to better address consumer needs and strengthen and simplify the 'call outs' on the product labels. To date, the team has completed the re-launch of the 'Training Series' product range which are entry level products sold primarily in supermarkets as well as the 'Sculpt' women's shaping protein range. While it is early to gauge the response to the new products, there seems to be an improved uptake to date.

The current focus is on the redevelopment of products within the Elite range which are targeted at heavier users. The planned relaunch of this range is scheduled for the first quarter of 2018 calendar year. The marketing team is also developing an exciting new E-Commerce strategy which will ensure Horleys enjoy a significant share of the rapidly growing opportunities.

Bakery

Wheat price, which forms a huge portion of raw material cost, has stabilised in the current quarter even though global demand is increasing. However, the weak Malaysia Ringgit, coupled with higher fuel price has resulted in an indirect increase in wheat and other raw materials prices like sugar, butter and yeast, which indirectly impacted the margins. The depressed margins were further compounded by the capping of the fuel price by the Malaysian government to prevent the price from falling further when sold to the industrial users. Cost saving exercises are being carried out to mitigate the high cost and the efficiency of production is being closely monitored to ensure lower production costs.

Consumers spending remain weak following the implementation of the GST coupled with an increase in toll charges, reduction in rebates on electricity charges and the lifting of subsidies for cooking oil. Most grocers and retailers have temporarily delayed expansion plans and reduced promotional activities. In addition, new products that taste better and more crispy have been developed to compete effectivity with its competitors and penetrate into hotels and restaurants.

To control costs, measures have been undertaken to improve process efficiencies and controlling wastages and returns. Price increase for certain existing products has been implemented to mitigate the escalating costs of raw materials and labour. As the industry experiences labour shortage, the Bakery business will focus on the production of frozen dough that will provide the Division a competitive edge in the market. To lift revenue, new products have been developed mainly for the hotels and a new retail concept for Thaw & Serve products, which are packed in trays for convenience stores. The Division is making in-roads into the hotel, restaurants and café industry by securing numerous new customers. It has also penetrated the overseas markets, with several orders from a couple of countries.

[1] *reference obtained from Aztec Data dated 25 June 2017 Bakery*

REVIEW OF OPERATIONS

Taking into account the competitiveness and escalating costs of raw materials and labour, the Group has decided to dispose its companies, Family Bakery Sdn Bhd and Daily Fresh Bakery Sdn Bhd, which are involved in the production and distribution of the lower end bread and bun segment. The disposal was completed on 18 December 2017.

Butchery

The continued increase in prices of imported meat has weighed down on the Division's revenue and profit margins. Selling prices have been very competitive and are also controlled by the Price Control and Anti-Profiteering Act. However, with newer and more efficient machineries and equipment, there were savings in production costs to mitigate the impact of the increased costs. The home grown Gourmessa brand's retail pack of 100 grams has been successful in capturing a substantial market share under the cold meats segment and will be launching a new packaging to sustain its market position. In addition, Gourmessa has appointed a distributor in Singapore to distribute its products to the supermarkets, independent grocery stores, restaurant and hotels, from the next quarter onwards.

Gourmessa will be relocating to its newly constructed factory building in the Selangor Halal Hub, located in Pulau Indah in second quarter of FY2018. With the bigger facility, the limitation of production capacity has been addressed and the Company can now focus on export sales from the second quarter onwards after getting its halal certification from the Department of Islamic Development Malaysia (JAKIM).

The initial high operating costs associated with a bigger factory and distribution costs will impact the bottomline in the near future.

Beverages

To mitigate the weak demand from both the local and overseas markets, the management took a prudent step and scaled down the operations from the last quarter of FY2017.

Contract Packing for Dairy and Juice Based Drinks

Demand for PET Aseptic co-packing continues to grow within Australia and New Zealand. The demand is mostly coming from traditional tetra brik offerings such as Up and Go and Nippys which have recently converted to PET.

There are several new players entering the PET Aseptic market both in New Zealand and Australia including new co-packers. The new players include some of our existing co-pack customers who will take production in-house.

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

EDNZ still enjoys strong demand for supply of high value added Aseptic PET bottled products, particularly for Asia. However, competition from new manufacturers can be expected to impact the market in late 2018 as they come online and offer competing services.

Computerisation

As the group continues to grow and expands rapidly in Food Services Division, there is a need for real time and accurate information by the management for better decision making process. The new cloud POS system will be the standard platform to assist the Group in achieving the overall operation efficiency. We expect with vast enhancements in the POS system will provide better internal controls, improve operating efficiencies, accord accountabilities and better visibility in overviewing operations. New technologies will be introduced to integrate with cloud POS system which are expected to be deployed in financial year 2018 to further improve the overall business operation efficiencies and lowering operating cost while giving an improvement to a better customer experience in store.

Human Resource

The Group's total staff count was approximately 2,000 as at 30 September 2017.

NUTRITION
DIVISION

FINANCIAL HIGHLIGHTS

	FY2013	FY2014	FY2015	FY2016	FY2017
KEY FINANCIAL INFORMATION					
Revenue (RM'000)					
- Continuing@	296,895	306,789	327,357	362,674	410,331
- Discontinued@	684,882	540,891	-	-	-
Total	**981,777**	**847,680**	**327,357**	**362,674**	**410,331**
Profit/(Loss) after tax (RM'000)					
- Continuing@	(47,388)	(72,353)*	(3,562)	1,456	(53,541)^
- Discontinued@	52,488	610,021**	-	-	-
Total	**5,100**	**537,668**	**(3,562)**	**1,456**	**(53,541)**
Shareholders' equity (RM'000)	273,026	346,766	373,533	350,514	314,855
Total equity (RM'000)	273,592	343,826	367,394	342,199	305,280
Weighted average number of shares	118,225,782#	124,525,438#	126,143,289#	126,143,289	126,143,289

KEY FINANCIAL RATIO					
Earnings/(Loss) per share (RM sen)	6.3#	435.7#	(0.3)#	2.3	(41.5)
Return on equity (%)	18.3	188.2**	1.5	2.2	(13.7)
Dividend per share (RM sen)	6.6#	392.0#	-	-	-
Net assets value per share (RM)	2.3#	2.8#	2.9#	2.7	2.4

* 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.

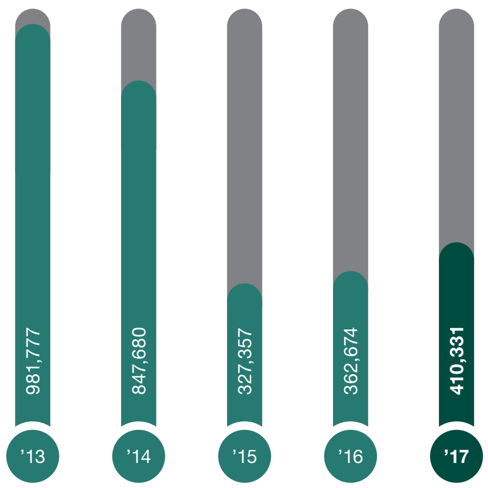
** Includes the one time gain from disposal of subsidiaries of RM573,276,000.

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

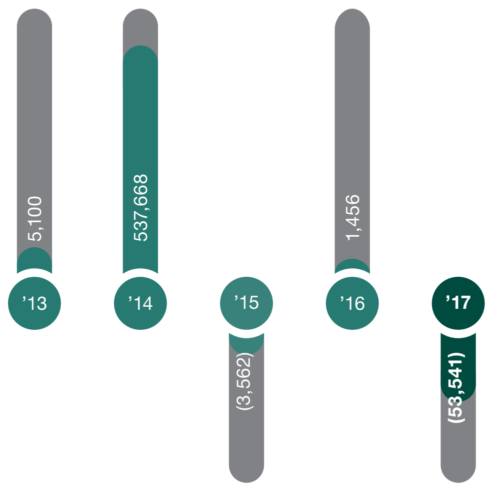
The weighted average number of shares have been adjusted to reflect the effect of Share Consolidation with every five existing shares consolidated to one share in FY2016.

^ Includes the impairment loss of RM32,870,000 in respect of its available-for-sale financial asset.

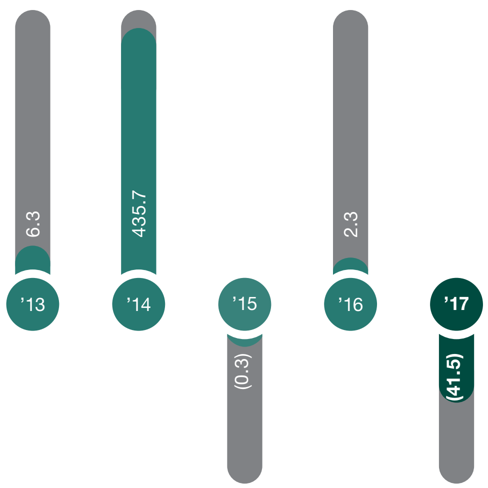
Revenue (RM'000)



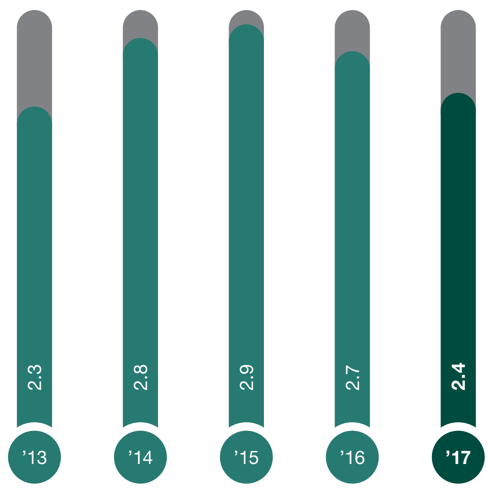
Profit/(loss) after tax (RM'000)



Earnings/(loss) per share (EPS) (RM sen)



Net assets value per share (RM)



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 operations/licenses being suspended and/or revoked, which will have a material adverse impact on our reputation and 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). This JAKIM requirement also extends to the material usage in our operations from suppliers which need to be Halal certified. Failure to comply with JAKIM regulations would lead to suspension or revocation of the Halal Certificate issued to us and this will have a serious impact on our reputation and financial performance.

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.

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.

RISK FACTORS

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.

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, Singapore dollar, New Zealand dollar, Australian dollar, Hong Kong dollar and Indonesian rupiah. 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 and fixed deposits. 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

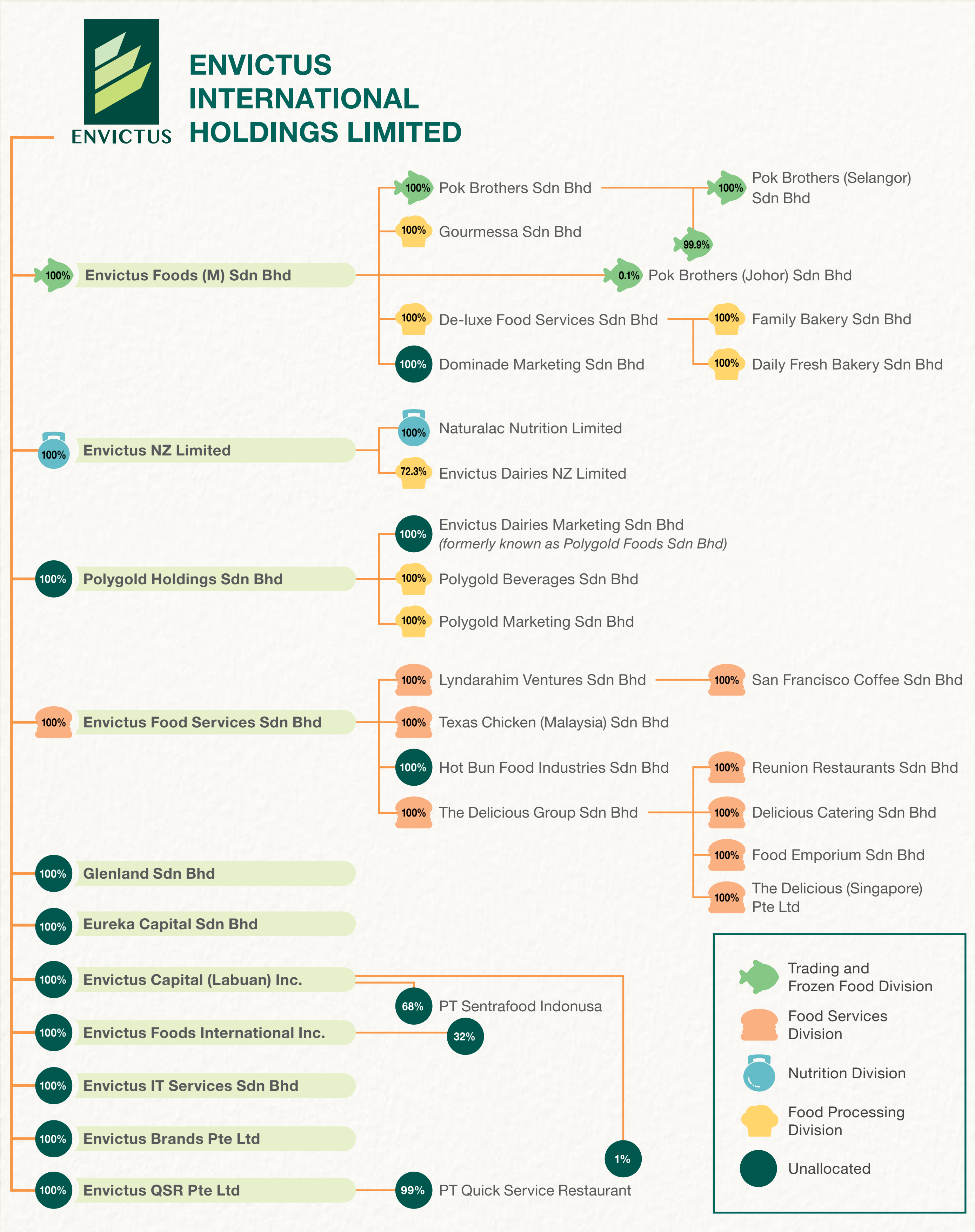
The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of our overall prudent liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet its working capital requirements. 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.

FOOD PROCESSING
DIVISION

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Jaya J B Tan
Non-Executive Chairman

Datuk Sam Goi Seng Hui
Non-Executive Vice-Chairman

Dato' Kamal Y P Tan
Group Chief Executive Officer

Mah Weng Choong
Independent Director

John Lyn Hian Woon
Independent Director

Teo Chee Seng
Independent Director

COMPANY SECRETARIES

S Surenthiraraj @ S Suressh
Kok Mor Keat

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
600 North Bridge Road
#23-01 Parkview Square, Singapore 188778
Partner-in-charge: Poh Chin Beng
(Appointed since the financial year ended 30 September 2017)

PRINCIPAL BANKERS

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

SOLICITORS

Morgan Lewis Stamford LLC
Hutabarat Halim & Rekan

BOARD
OF DIRECTORS

DATO' JAYA J B TAN

Non-Executive Chairman

COMMITTEE:
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 2016. Dato' Jaya is the brother of Dato' Kamal Y P Tan.

DATUK SAM GOI SENG HUI

Non-Executive Vice-Chairman

Datuk Sam 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, and exports to over 80 countries worldwide. GSH Corporation Limited is a developer of premium residential and commercial properties in the region, as well as the owner and operator of Sutera Habour Resort, marina and golf course in Kota Kinabalu. In 2017, the group also expanded its presence into China, investing over RMB200 million in Henan Zhongyuan Group. With over 1,000 tenants generating a combined turnover of more than RMB60 billion, it is the largest frozen food logistics and warehouse hub in Zhengzhou in the Henan Province.

Apart from these core businesses, Datuk Sam Goi has investments across a range of listed and private entities in numerous industries, such as food and beverage, entertainment real estate, consumer essentials, recycling, distribution and logistics. Datuk Sam Goi also serves as Vice Chairman of Mainboard-listed 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 Sam 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" and received the Long Service Award from Singapore's People's Action Party. Datuk Sam Goi was also awarded the Asia Enterprise Asia's Lifetime Achievement Award in 2015 and the Asian Strategy & Leadership Institute's Lifetime Achievement Award in 2016. In 2017, he was honoured for his contributions and success as an overseas Chinese by the People's Tribune Magazine in Beijing, China.

Datuk Sam Goi is also a member of the Singapore University of Technology and Design (SUTD) Board of Trustee, and Chairman of Ulu Pandan Citizens Consultative Committee.

Datuk Sam Goi was re-elected as Director of the Company at the AGM held in January 2016. He will retire at the forthcoming AGM and will offer himself for re-election.

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 2017. Dato' Kamal is the brother of Dato' Jaya J B Tan.

TEO CHEE SENG

Independent Director

COMMITTEE:
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. He will retire at the forthcoming AGM and will offer himself for re-election.

BOARD OF DIRECTORS

JOHN LYN HIAN WOON

Independent Director

COMMITTEE:
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 Chief Executive Officer of Indigo Investment Pte Ltd, a family office organization registered in Singapore. He is also a Director of Sirus 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 2017.

MAH WENG CHOONG

Independent 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. On 1 October 2017, Mr Mah was re-designated from Non-Executive Director to Independent Director of the Company.

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 was last re-appointed as a Director at the AGM held in January 2016.

KEY MANAGEMENT

KHOR SIN KOK
Deputy Group Chief Executive Officer

Mr Khor Sin Kok was appointed as Deputy Group Chief Executive Officer on 1 February 2017. He holds a degree in Mechanical Engineering from the University of Leeds, UK and a Master degree in Business Administration majoring in Finance from Michigan State University, USA.

Mr Khor has previously worked for the Envictus Group from 1 November 1996 to 30 June 2014, the last position being the Deputy Group Chief Operating Officer of the Company. During his tenure with the Envictus Group, he was one of the key management involved in the setting up of the factory and business operations of Etika Dairies Sdn Bhd ("EDSB"), a company which was involved in the manufacturing of condensed milk and subsequently sold to Asahi Group Southeast Asia Holdings Pte. Ltd. ("Asahi") in June 2014. Following the completion of the disposal to Asahi, Mr Khor was employed by EDSB as its Deputy Group Chief Operating Officer from 1 July 2014 to 31 December 2014.

Mr Khor has also worked in a Malaysian dairy division of a group listed on the SGX-ST in 1985 as Assistant Project Development Manager. During his 12 years tenure with the said company, he was involved in market research activities, project feasibility studies and implementation and manufacturing operations of various product lines like sweetened condensed milk, evaporated milk, milk powder packing, ice-cream, UHT beverages, sterilised and pasteurised products in plastic bottle and gable-top paper carton and can making plant.

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.

DATO' LAWRENCE POK YORK KEAW
Chief Executive Officer – Frozen Food Division

Dato' Lawrence Pok 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 ("PBSB") since the mid 1960's. He was instrumental in building up PBSB from a mini-market trader to an importer of quality foods and distributor of a classic range of international branded products. Among others, his notable achievements include the expansion of PBSB's operations into the manufacturing of value added halal food products through the establishment of De-luxe Food Services Sdn Bhd ("DFSSB") in the early 1980s. The products offered by DFSSB comprise of portion control meat, delicatessen meat, smoked salmon, bread and pastry products and many more were aimed to complement and enhance the business and service that were offered by PBSB then.

Dato' Lawrence Pok continued to head the operations of PBSB and its group following the acquisition by Envictus Group in 2006. He is currently overseeing the Trading and Frozen Food Division and Butchery sub-division undertaken by Gourmessa Sdn Bhd.

KEY MANAGEMENT

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. In a recent move to further diversify the sales base for the business the company has introduced a range of chilled nut milks to the market. 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.

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. Providing entrepreneurial leadership and guidance on the overall long-term strategic plans and performance objectives as well as operational initiatives and to ensure that the necessary financial and human resources are in place to meet its objectives;
2. Reviewing the performance of the Group Chief Executive Officer ("Group CEO") and senior management executives and ensures they are appropriately remunerated;
3. Reviewing the adequacy and effectiveness of the Group's risk management and internal control systems, financial reporting and compliance, operational compliance and information technology controls;
4. Reviewing and approving 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;
5. Setting the Company's values and standards and ensure that obligations to shareholders and other stakeholders are understood and duly met;
6. Considering sustainability issues such as environmental and social factors as part of its strategic formulation; and
7. Providing the management with advice on issues raised and at the same time monitors the performance of the management.

<u>Independent Judgement</u>

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

<u>Delegation by the Board</u>

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 Constitution.

Directors' attendance at Board and board committee meetings in FY2017

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

	Board	Audit Committee	Remuneration Committee	Nominating Committee
No. of meetings held in FY2017	**5**	**4**	**1**	**1**
Number of Meetings Attended				
Dato' Jaya J B Tan	5	4	1	1
Datuk Sam Goi Seng Hui	5	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	4	1	1
John Lyn Hian Woon	5	4	1	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. Upon the appointment of each director, the Company would provide a formal letter to the director setting out the director's duties and obligations. The directors will be encouraged, on the Company's expense, 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 FY2017.

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	70	23.12.2003	27.01.2016	Non-Executive Chairman
Datuk Sam Goi Seng Hui	71	09.01.2013	27.01.2016	Non-Executive Vice-Chairman
Dato' Kamal Y P Tan	65	23.12.2003	18.01.2017	Group Chief Executive Officer
Mah Weng Choong*	79	03.08.2004	27.01.2016	Independent Director
Teo Chee Seng	63	03.08.2004	29.01.2015	Independent Director
John Lyn Hian Woon	59	03.08.2004	18.01.2017	Independent Director

* Mr Mah Weng Choong was re-designated from Non-Executive Director to Independent Director on 1 October 2017.

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.

Non-executive directors constructively challenge and help develop proposals on strategy and review the performance of the management in meeting agreed goals and objectives and the reporting of performance. They are encouraged to meet regularly without the presence of the management.

Independent Directors

Guideline 2.1 of the Code provides that there should be a strong and independent element on the Board, with independent directors making up to at least one-third of the Board. Guideline 2.2 further provides that the independent directors should make up at least half of the Board where:-

(a) the Chairman of the Board (the "Chairman") and the CEO is the same person;
(b) the Chairman and the CEO are immediate family members;
(c) the Chairman is part of the management; or
(d) the Chairman is not an independent director.

In accordance with the Code, changes needed to comply with the requirement for independent directors to make up at least half of the boards in specified circumstances (as shown above) should be made at the Annual General Meetings ("AGMs") following the end of financial year commencing on or after 1 May 2016.

For FY2017, the Board structure comprised of 4 non-independent directors and 2 independent directors. Hence, the Company has not complied with the requirement of having independent directors making up at least half of the Board. The Company has departed from the compliance of the Code for FY2017.

However, the Company has complied with the Code on 1 October 2017 after Mr Mah Weng Choong was re-designated from Non-Executive Director to Independent Director following the expiry of three financial years for his past employment with the Group. The current Board structure comprised of 3 non-independent directors and 3 independent directors.

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 for FY2017:-

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 Sam 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 up to 30 June 2014, a period which is within 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 John Lyn Hian Woon and Mr Teo Chee Seng, 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 with the utmost commitment to protect and uphold the interests of the Company and all shareholders, not just the substantial shareholders and found no evidence to indicate that the length of service has in any way affected their respective independence.

Mr Lyn and Mr Teo have also contributed significantly to the discussion on matters before the Board, which includes matters relating to the strategic direction and corporate governance of the Group, expressed individual viewpoints, debated issues, sought clarification as they deemed necessary including direct access to the Management and objectively scrutinised the Management. Having gained in-depth understanding of the business, operating environment and direction of the Group, they provided the Group with much needed experience and knowledge of the industry, impartial and autonomous views at all times and offered valuable advice. Both have independent income source apart from the fees received from the Group. Accordingly, the NC, with the concurrence of the Board, is satisfied that both Mr Lyn and Mr Teo have remained independent in their judgement and can continue to discharge their duties objectively.

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 2017.

Currently, there is no alternate director on Board.

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. He plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management at AGMs and other shareholders meetings.

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.

The Board has consistently demonstrated it is able to exercise independent decision-making and because of this, the Board has not appointed a lead independent director to date. Notwithstanding this, it may appoint one in the interest of embracing recommended best practices. The Board is of the opinion the role of Dato' Kamal as Group CEO of the Company does not affect the independence of the Board.

Shareholders who wish to contact the independent directors to address any queries on the Company's affairs may access to the Company's website at www.envictus-intl.com/contact.

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

<u>NC composition</u>

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' Constitution 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' Constitution 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 Constitution, namely Mr Teo Chee Seng (pursuant to Article 91) and Datuk Sam Goi Seng Hui (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 Mr Teo and Datuk Sam are properly qualified for re-election by virtue of their skills and experience and their contribution and guidance to the Board's deliberation.

Key information, directorships in other listed companies and other principal commitments of the Directors who held office during the financial year up to the date of this report are disclosed under "Board of Directors" section of the Annual Report.

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.

The NC reviews on an annual basis the composition and skills of the Board and determines if it is adequate and appropriate having regard to the nature and scope of the Company's operations and the costs involved.

The NC assesses and makes recommendations to the Board as to whether retiring directors are suitable for re-election.

The NC has conducted a formal assessment of the effectiveness of the Board for the financial year under review. The NC reviewed the Board's performance informally with inputs from the other Board members and the Executive Directors. 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 Board committees as a whole. The performance criteria for the Board/Board Committees evaluation are in respect of size and composition, directors' independence, Board's accountability, board process, internal controls, quality of agenda/board papers, standard of conduct and risk management etc.

The evaluation of the Chairman of the Board is undertaken by the RC and the NC and the results are reviewed by the Board. The assessment of the Chairman of the Board is based on his ability to lead, whether he established procedures to ensure the effective functioning of the Board and that the time devoted to board meetings were appropriate and are conducted in a manner that facilitate open communication and meaningful participation for effective discussion and decision making by the Board.

Principle 6 : Access to information

To assist the Board in its discharge of duties and responsibilities, Management is required to provide adequate and timely information to the Board on Group affairs and issues that require the Board's decision as well as on-going reports relating to operational and financial performance of the Group. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through other means e.g. electronic mail and teleconferencing. 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 constitution of the Company, and that applicable rules and regulations are complied with.

The Board is entitled to request from the Management and should be provided with such additional information as needed to make informed decisions. The Management shall provide the same in a timely manner. Information provided includes board papers and related materials, background or explanatory information related to matters brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.

The appointment and removal of the Company Secretary are subject to the Board's approval.

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.

The 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.

The Group CEO has entered into service agreement which link rewards with both corporate and individual performance to promote shareholders' interests, long-term success of the Group and risk management policies. The service agreements cover the terms of employment, specifically salary and other benefits. The RC has reviewed the Company's obligations arising in the event of termination of the Group CEO's contracts of service and is of the view that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The Company currently does not have contractual provisions to reclaim the incentive component of remuneration from the Group CEO and there are no excessively long or onerous removal clauses in the service agreement.

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.

The RC has the authority to seek appropriate external or other independent professional advice in the field of executive compensation as it considers necessary to carry out its duties. During the financial year, the RC did not require the service of an external remuneration consultant.

<u>Remuneration paid to directors and the CEO</u>

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of Group CEO and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

The Board concurred with the RC that the proposed directors' fees for the year ended 30 September 2017 payable to the Non-Executive Directors is appropriate taking into consideration the level of contributions by the directors and factors such as effort and time spent on the Board and Board Committees as well as the responsibilities and obligations of the Directors.

Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

Remuneration paid to the directors and the Group CEO for FY2017 is as follows:-

	Salary* (%)	Directors' Fees (%)	Bonus** (%)	Total Remuneration (%)
Directors				
Below S$250,000				
Dato' Jaya J B Tan	-	100.0	-	100.0
Datuk Sam 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
Group CEO				
S$250,000 to below S$500,000				
Dato' Kamal Y P Tan	81.7	-	18.3	100.0

Notes:
* Inclusive of benefits in kind, allowances and provident funds, where applicable.
** On receipt basis during FY2017.

The Company has not complied with Guideline 9.2 which requires the Company to disclose the exact details of 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 Company is not compliant with Guideline 9.3 of the Code which requires the Company to name and disclose the remuneration of the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. 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 group employment sensitivity, potential staff motivational and retention issues.

On the remuneration of the top five key management personnel, there were three of whom are in the less than S$250,000 band and the remaining two of whom are in between S$250,000 to S$500,000 band.

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

The Company does not use any contractual provisions to reclaim incentive components of remuneration from the Group CEO in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss of the Company.

The Group adopts a process where the executive directors and key management personnel are reviewed and assessed for individual performance against set performance targets. Performance against these targets is a key factor determining their remuneration. On an annual basis, the RC reviews and makes recommendation to the Board for changes relating to the remuneration of the Group CEO, which includes increment and bonus, and will then submit its recommendation to the Board for approval.

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 Head of Bakery and Head of Cafe and has received remuneration during FY2017 in that capacity. Her total remuneration for FY2017 was between S$50,000 and S$100,000, comprising 91.2% salary and 8.8% 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 in the Directors' Statement of 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 and updates on a timely basis in order that the Board may effectively discharge its duties and make a balanced and informed assessment of the Company's performance, financial position and prospects.

Presently, the management presents to the AC the quarterly 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.

In presenting the annual financial statements and quarterly announcements to the shareholders, it is the aim of the Board to provide shareholders with detailed analysis and a balanced and understandable assessment of the Company's performance, position and prospects.

All of the directors and the Group CEO have given their undertakings that they shall each in the exercise of their powers and duties comply with the best of their abilities with the provisions of the Listing Manual of the SGX-ST and will procure the Company to do so.

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.

Based on the internal controls established and maintained by the Group, the work performed by the external auditors and the reviews conducted by the Management, the Board, with the concurrence of the AC is of the opinion that the Group's risk management and internal controls systems addressing financial, operational, compliance and information technology risks were adequate as at 30 September 2017.

In addition, for the financial year under review, the Group CEO and the CFO have provided assurance to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and 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.

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 authorise 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 financial year under review, the Group has accrued an aggregate amount of audit fees of RM731,374, comprising audit fees of RM228,953 paid to auditors of the Company; and RM426,149 and RM76,272 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.

The AC is guided by the terms of reference which stipulate its principal functions. The Company will arrange to send its AC members to seminars for updates on Financial Reporting Standards, if required. The external auditors provides regular updates and briefings to the AC on changes or amendments to accounting standards to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

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 FY2017, 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 Company is committed to treating all shareholders fairly and equitably. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on an accurate and timely basis via SGXNet, in particular, information relating to the Company's business development and financial performance which could have a material impact on the Company's share price so as to enable shareholders to make informed decisions in respect of their investments.

All shareholders receive the Company's annual report and notice of AGM within the prescribed notice period set out in the Company's Constitution and the prevailing laws and regulations. The notice is also released via SGXNet and published in local newspaper.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend and vote at general meetings on his/her behalf. On 3 January 2016, amendments to the Companies Act (Chapter 50) came into force, under which, among other things certain members defined as "relevant intermediary" are allowed to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the Central Provident Fund ("CPF") Board which purchases shares on behalf of the CPF investors.

Shareholders are given the opportunity to participate effectively and vote at general meetings where relevant rules and procedures governing such meeting are clearly communicated. All resolutions at general meetings of the Company will be voted by poll as required by Rule 730A(2) of the Listing Manual.

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 quarterly 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 Company values dialogue sessions with its shareholders. The Group welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. Shareholders can submit their feedback and raise any questions to the Company's investor relation contact as provided in the Company's website, www.envictus-intl.com.

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 FY2017, 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 encouraged to attend the AGM to ensure high level of accountability and to stay informed of the Group's strategies and visions. The Board of Directors, the AC members and other committee members, the CEO, auditors and the Company Secretary/Secretaries will be present and are available to address any questions from shareholders regarding the Group and its businesses.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend and vote at general meetings on his/her behalf. On 3 January 2016, amendments to the Companies Act (Cap. 50) came into force, under which, among other things certain members defined as "relevant intermediary" are allowed to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the Central Provident Fund ("CPF") Board which purchases shares on behalf of the CPF investors.

At the AGMs and other general meetings, separate resolutions are proposed for substantially separate issues for items of special business. Where appropriate, an explanation for any proposed resolution would be provided.

At the last AGM held by the Company, all Directors of the Company, legal advisor and external auditors, were present to address queries from the shareholders who attended the AGM and all resolutions were put to vote by poll. The results of the electronic poll voting were published instantaneously at the AGM.

The Company's Constitution does not allow a shareholder to vote in absentia due to concerns on authentication of shareholder's identity, other related security and integrity of the information.

Minutes of general meetings include substantial and relevant queries or comments from shareholders relating to the agenda of the meeting and responses from the Board and Management. These minutes would be available to shareholders upon their request.

Material Contracts

No material contracts were 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	1,657,486 (or approximately S$532,098)	-
Tee Yih Jia Food Manufacturing Pte Ltd - Purchase of goods and advertising and promotion income	963,323 (or approximately S$309,253)	-

Based on average exchange rate for the year ended 30 September 2017 of S$1 = RM3.115

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 officers 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.

In the course of doing business for the Company and the Group or in discussion with one of customers, vendors or partners, directors and officers of the Company and the Group may become aware of material non-public information about that organisation. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to trade in the public securities of the Company. The discussion of this information is on a limited "need to know" basis internally and is not shared with anyone outside the Company or the Group. Directors and officers are not allowed to buy or sell the public securities of the affected organisations, including the Company, on the basis of such information, nor can this information be shared with others.

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST for the financial year ended 30 September 2017.

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The Directors of Envictus International Holdings Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 September 2017 and the statement of financial position and statement of changes in equity of the Company as at 30 September 2017.

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 and statement of changes in equity 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 2017, 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 Sam Goi Seng Hui	(Non-Executive Vice-Chairman)
Dato' Kamal Y P Tan	(Group Chief Executive Officer)
Mah Weng Choong	(Independent 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.

3. SHARE OPTIONS (CONTINUED)

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:

Date of grant	Balance at 01.10.2016	Exercised	Lapsed/ Cancelled	Balance at 30.09.2017	Exercise price*	Exercise period
10.02.2010	30,600	-	30,600	-	S$0.82	10.02.2012 to 09.02.2017
13.10.2010	2,378,000	-	-	2,378,000	S$2.00	13.10.2012 to 12.10.2017
	2,408,600	-	30,600	2,378,000		

* The number of options above were granted and exercised prior to the share consolidation exercise of which every five existing shares were consolidated to one share on 12 February 2016. Unexercised options as at 12 February 2016 had been adjusted accordingly.

All of the above options were granted at a discount of 20% of the Market Price. The Market Price was 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	Aggregate options granted since commencement of the plan to 30.09.2017	Aggregate options exercised since commencement of the plan to 30.09.2017	Aggregate options exercised since commencement of the plan to 30.09.2016
Directors who are also controlling shareholders			
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
Director			
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.

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 21.10.2017	**Balance as at 30.09.2017**	**Balance as at 01.10.2016**	**Balance as at 21.10.2017**	**Balance as at 30.09.2017**	**Balance as at 01.10.2016**
The Company			**Number of ordinary shares**			
Dato' Jaya J B Tan	19,757,472	19,757,472	19,757,472	20,190,214	20,190,214	20,190,214
Datuk Sam Goi Seng Hui	-	-	-	15,400,000	15,400,000	15,400,000
Dato' Kamal Y P Tan	19,700,214	19,700,214	19,700,214	20,247,472	20,247,472	20,247,472
Mah Weng Choong	6,287,444	6,287,444	6,287,444	-	-	-
John Lyn Hian Woon	17,200	17,200	17,200	-	-	-
Teo Chee Seng	30,000	30,000	30,000	-	-	-

	Balance as at 21.10.2017*#	**Balance as at 30.09.2017*#**	**Balance as at 01.10.2016***
The Company		***Number of options pursuant to Employee Share Options Scheme to subscribe for ordinary shares***	
Dato' Jaya J B Tan	-	420,000	420,000
Dato' Kamal Y P Tan	-	500,000	500,000
Mah Weng Choong	-	382,000	382,000

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.

* The number of options above were granted and exercised prior to the share consolidation exercise of which every five existing shares were consolidated to one share on 12 February 2016. Unexercised options as at 12 February 2016 have been adjusted accordingly.

Unexercised options have lapsed on expiry of the options on 12 October 2017 at 5.00 p.m.

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:-

(a) the audit plans of the external auditors;
(b) the Company's and the Group's financial and operating results and accounting policies;
(c) 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;
(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	**Dato' Kamal Y P Tan**
Non-Executive Chairman	Group Chief Executive Officer

8 December 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Envictus International Holdings Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 64 to 143 which comprise:-

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2017;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying 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 Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	AUDIT RESPONSE
1 Impairment of property, plant and equipment	
As at 30 September 2017, the Group's property, plant and equipment amounted to RM256,871,000, net of accumulated brought forward impairment of RM18,221,000, representing 52% of the Group's total assets. During the year, management carried out an impairment assessment of certain property, plant and equipment of the Group as there were indicators that those property, plant and equipment may be impaired. In carrying out the impairment assessment, management has identified the cash generating units ("CGUs") to which the property, plant and equipment belongs and determined the recoverable amounts of the CGUs by estimating the expected discounted future cash flows. This required key assumptions to be made regarding the sales growth rate, gross margin and the discount rate. Based on management's assessment, no further impairment loss was recognised during the current financial year.	Our audit procedures included, amongst others:- • Evaluated management's impairment assessment of property, plant and equipment. • Evaluated management's estimates applied in the value-in-use models by comparing the sales growth rate and gross margin against historical performance. • Checked and compared the discount rate applied by management to external market and industry benchmarks. • Performed sensitivity analysis to assess the extent of changes to the key assumptions that would cause the recoverable amount to be below the carrying amount of the property, plant and equipment.

KEY AUDIT MATTER	AUDIT RESPONSE
1 Impairment of property, plant and equipment (Continued)	
Due to significant management judgement and estimation involved in the impairment assessment, as well as the materiality of the carrying amount of the property, plant and equipment to the Group's financial statements, we have determined this area to be a key audit matter.	

Refer to note 2.6, note 3.2(iii) and note 4 of the accompanying financial statements.

KEY AUDIT MATTER	AUDIT RESPONSE
2 Impairment of intangible assets	
As at 30 September 2017, the Group's intangible assets amounted to RM32,842,000, comprising trademarks, franchise fees and goodwill mainly from the Nutrition, Food Services and Trading and Frozen Food business segments. Management is required to undertake an impairment review for intangible assets with indefinite useful lives such as trademarks and goodwill at least annually by comparing the carrying amounts of the CGUs to which the intangible assets belongs against the recoverable amounts. Management has determined the recoverable amounts using the value-in-use method by estimating the present value of the future cash flows from these CGUs and concluded that no impairment is required for the current financial year. We have determined the impairment of intangible assets as a key audit matter due to significant management judgement and estimate involved in the impairment assessment.	Our audit procedures included, amongst others:- • Evaluated management's key assumptions used in the impairment testing for intangible assets, including the sales growth rate, gross margin and discount rate. • Checked and compared the discount rate applied by management to external market and industry benchmarks. • Performed sensitivity analysis to assess the extent of changes to the key assumptions (i.e. the sales growth rate, gross margin and discount rate) that would cause the recoverable amount to be below the carrying amount of the intangible assets. • Evaluated the adequacy of the Group's disclosure in respect of its intangible assets impairment testing, including the key assumptions used and sensitivity to changes in those assumptions.

Refer to note 2.6, note 3.2(ii) and note 9 of the accompanying financial statements.

KEY AUDIT MATTER	AUDIT RESPONSE
3 Impairment of available-for-sale financial assets	
The Group's policy is to recognise available-for-sale financial assets at fair value. Included in the Group's available-for-sale financial assets was a quoted security listed on the Singapore Stock Exchange ("AFS security") whose shares were suspended from trading in September 2017 subsequent to certain adverse events announced by the issuer of the AFS security. Consequently, management performed an evaluation of whether there is an indication of impairment for the AFS security, including assessing if the decline in the AFS security's fair value below its original cost is significant or prolonged. Based on management's assessment, an impairment loss on the AFS security of RM32,870,000 was recognised in profit or loss in the current financial year.	Our audit procedures included, amongst others:- • Evaluated management's basis for the recognition of impairment loss during the financial year, including the assessment of significant or prolonged decline in the fair value of the AFS security. • Obtained and read the revolving credit facility agreement and related correspondences from the banker of the Group to corroborate key judgements applied by management in determining the impairment on the fair value of the AFS security at the end of the reporting period.

KEY AUDIT MATTER	AUDIT RESPONSE
3 Impairment of available-for-sale financial assets (Continued)	
We focused on this area as a key audit matter due to the significant judgement and estimation uncertainty arising from the impairment assessment of the AFS security.	• Considered the adequacy of the Group's disclosure in respect of the impairment of investment in the AFS security in the accompanying financial statements.

Refer to note 3.2(i) and note 7 of the accompanying financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Poh Chin Beng.

BDO LLP
Public Accountants and
Chartered Accountants
Singapore

8 December 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Non-current assets					
Property, plant and equipment	4	256,871	195,930	-	1
Investment properties	5	27,563	23,702	-	-
Investments in subsidiaries	6	-	-	90,351	13,627
Available-for-sale financial assets	7	242	17,041	-	16,829
Deferred tax assets	8	721	1,067	-	-
Intangible assets	9	32,842	30,667	-	7
		318,239	268,407	90,351	30,464
Current assets					
Inventories	10	44,644	43,723	-	-
Trade and other receivables	11	59,252	56,669	279,541	290,687
Tax recoverable		573	2,291	-	1,127
Held-for-trading investments	12	23,413	57,278	23,413	57,278
Fixed deposits	13	14,225	13,821	-	-
Cash and bank balances	13	35,664	45,561	5,175	4,633
		177,771	219,343	308,129	353,725
Less:					
Current liabilities					
Trade and other payables	14	47,857	46,054	1,518	148,214
Bank borrowings	15	42,807	48,525	8,746	3,919
Finance lease payables	16	7,316	5,672	-	-
Current income tax payable		178	425	162	425
		98,158	100,676	10,426	152,558
Net current assets		79,613	118,667	297,703	201,167
Less:					
Non-current liabilities					
Provision for restoration costs		1,353	864	-	-
Bank borrowings	15	72,411	26,409	-	-
Finance lease payables	16	16,538	15,049	-	-
Financial guarantee contracts	17	-	-	3,522	1,606
Deferred tax liabilities	18	2,270	2,553	-	-
		92,572	44,875	3,522	1,606
Net assets		305,280	342,199	384,532	230,025

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

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Capital and reserves					
Share capital	19	111,406	111,406	111,406	111,406
Treasury shares	19	(183)	(183)	(183)	(183)
Foreign currency translation reserve	20	33,400	31,791	51,424	44,458
Fair value reserve	21	(7)	(15,727)	-	(15,107)
Share options reserve		9,507	9,507	9,507	9,507
Other reserve	22	(4,562)	(4,562)	-	-
Accumulated profits		165,294	218,282	212,378	79,944
Equity attributable to the owners of the Company		314,855	350,514	384,532	230,025
Non-controlling interests		(9,575)	(8,315)	-	-
Total equity		305,280	342,199	384,532	230,025

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 RM'000	2016 RM'000
Revenue	23	410,331	362,674
Cost of goods sold		(274,497)	(252,476)
Gross profit		135,834	110,198
Other operating income	25	16,686	24,922
Administrative expenses		(43,322)	(37,753)
Selling and marketing expenses		(92,090)	(61,589)
Warehouse and distribution expenses		(26,756)	(24,881)
Research and development expenses		(958)	(1,433)
Other operating expenses	25	(33,843)	(1,750)
Finance costs	24	(4,991)	(4,202)
(Loss)/Profit before income tax	25	(49,440)	3,512
Income tax expense	26	(4,101)	(2,056)
(Loss)/Profit for the financial year		(53,541)	1,456
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		1,051	(9,316)
Net fair value gain/(loss) on available-for-sale financial assets		30	(15,060)
Net fair value changes on available-for-sale financial assets reclassified to profit or loss		15,541	-
Other comprehensive income, net of tax RM Nil		16,622	(24,376)
Total comprehensive income for the financial year		(36,919)	(22,920)
(Loss)/Profit attributable to:			
Owners of the Company		(52,405)	2,863
Non-controlling interests		(1,136)	(1,407)
		(53,541)	1,456
Total comprehensive income attributable to:			
Owners of the Company		(35,659)	(20,625)
Non-controlling interests		(1,260)	(2,295)
		(36,919)	(22,920)
(Loss)/Earnings per share attributable to owners of the Company (RM sen)	27		
Basic		(41.54)	2.27
Diluted		(41.54)	2.27

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

		Attributable to owners of the Company									
	Note	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
Group											
2017											
At 1 October 2016		111,406	(183)	31,791	(15,727)	9,507	(4,562)	218,282	350,514	(8,315)	342,199
Total comprehensive income for the year:											
Loss for the financial year		-	-	-	-	-	-	(52,405)	(52,405)	(1,136)	(53,541)
Other comprehensive income:											
Exchange differences on translation of foreign operations		-	-	1,609	(434)	-	-	-	1,175	(124)	1,051
Available-for-sale financial assets	7	-	-	-	15,571	-	-	-	15,571	-	15,571
Total other comprehensive income		-	-	1,609	15,137	-	-	-	16,746	(124)	16,622
Total comprehensive income		-	-	1,609	15,137	-	-	(52,405)	(35,659)	(1,260)	(36,919)
Others:											
Fair value reserve transferred to retained earnings		-	-	-	583	-	-	(583)	-	-	-
At 30 September 2017		111,406	(183)	33,400	(7)	9,507	(4,562)	165,294	314,855	(9,575)	305,280

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

		Attributable to owners of the Company									
	Note	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
Group											
2016											
At 1 October 2015		111,406	(183)	40,219	(667)	9,507	(2,168)	215,419	373,533	(6,139)	367,394
Total comprehensive income for the year:											
Profit/(Loss) for the financial year		-	-	-	-	-	-	2,863	2,863	(1,407)	1,456
Other comprehensive income:											
Exchange differences on translation of foreign operations		-	-	(8,428)	-	-	-	-	(8,428)	(888)	(9,316)
Available-for-sale financial assets	7	-	-	-	(15,060)	-	-	-	(15,060)	-	(15,060)
Total other comprehensive income		-	-	(8,428)	(15,060)	-	-	-	(23,488)	(888)	(24,376)
Total comprehensive income		-	-	(8,428)	(15,060)	-	-	2,863	(20,625)	(2,295)	(22,920)
Changes in ownership interests in subsidiaries:											
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	1,497	1,497
Acquisition of non-controlling interest without a change in control		-	-	-	-	-	(2,394)	-	(2,394)	(1,378)	(3,772)
Total changes in ownership interests in subsidiaries		-	-	-	-	-	(2,394)	-	(2,394)	119	(2,275)
At 30 September 2016		111,406	(183)	31,791	(15,727)	9,507	(4,562)	218,282	350,514	(8,315)	342,199

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Note	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
Company								
2017								
At 1 October 2016		111,406	(183)	44,458	(15,107)	9,507	79,944	230,025
Profit for the financial year		-	-	-	-	-	132,434	132,434
Other comprehensive income:								
Exchange differences on translation		-	-	6,966	(434)	-	-	6,532
Available-for-sale financial assets	7	-	-	-	15,541	-	-	15,541
Total other comprehensive income		-	-	6,966	15,107	-	-	22,073
Total comprehensive income for the financial year		-	-	6,966	15,107	-	132,434	154,507
At 30 September 2017		111,406	(183)	51,424	-	9,507	212,378	384,532
2016								
At 1 October 2015		111,406	(183)	51,404	-	9,507	59,268	231,402
Profit for the financial year		-	-	-	-	-	20,676	20,676
Other comprehensive income:								
Exchange differences on translation		-	-	(6,946)	-	-	-	(6,946)
Available-for-sale financial assets	7	-	-	-	(15,107)	-	-	(15,107)
Total other comprehensive income		-	-	(6,946)	(15,107)	-	-	(22,053)
Total comprehensive income for the financial year		-	-	(6,946)	(15,107)	-	20,676	(1,377)
At 30 September 2016		111,406	(183)	44,458	(15,107)	9,507	79,944	230,025

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

CONSOLIDATED STATEMENT
OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 RM'000	2016 RM'000
Operating activities			
(Loss)/Profit before income tax		(49,440)	3,512
Adjustments for:			
Allowance for doubtful receivables		679	449
Allowance for doubtful receivables no longer required, now written back		(256)	(435)
Allowance for write-down of inventories		1,136	285
Amortisation of intangible assets		547	546
Depreciation of property, plant and equipment		22,777	15,990
Depreciation of investment properties		482	431
Dividend income		(2,321)	(3,375)
Fair value gain arising from held-for-trading investments		(3,417)	(217)
Foreign currency exchange gain, net		(1,591)	(5,153)
Gain on disposal of held-for-trading investments		(298)	(802)
Gain on disposal of assets held for sale		-	(9,559)
Gain on disposal of property, plant and equipment		(331)	(156)
Finance costs	24	4,991	4,202
Interest income		(1,284)	(1,587)
Inventories written off		1,286	173
Impairment loss on available-for-sale financial asset		32,870	-
Property, plant and equipment written off		685	1,466
Reversal of allowance for write-down of inventories		(285)	-
Write back of impairment on property, plant and equipment		-	(13)
Operating profit before working capital changes		6,230	5,757
Working capital changes:			
Inventories		(2,730)	(5,629)
Trade and other receivables		2,735	5,737
Trade and other payables		(4,588)	5,868
Cash generated from operations		1,647	11,733
Interest paid		(1,259)	(1,514)
Income tax paid, net		(2,477)	(5,332)
Net cash (used in)/generated from operating activities		(2,089)	4,887

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 RM'000	2016 RM'000
Investing activities			
Acquisition of held-for-trading investments		-	(1,059)
Acquisition of available-for-sale financial assets	7	-	(32,123)
Acquisition of subsidiaries, net of cash acquired	6.5	(139)	(17,456)
Dividends received		2,321	3,375
Interest received		1,284	1,587
Net changes in fixed deposits pledged to bank		247	-
Proceeds from disposal of held-for-trading investments		39,311	57,242
Proceeds from disposal of assets held for sale		-	14,426
Proceeds from disposal of property, plant and equipment		622	563
Purchase of intangible assets	9	(975)	(938)
Purchase of investment property		-	(24,133)
Purchase of property, plant and equipment	4	(80,322)	(58,359)
Net cash used in investing activities		(37,651)	(56,875)
Financing activities			
Acquisition of non-controlling interests		-	(3,772)
Interest paid		(3,732)	(2,688)
Repayment of finance lease obligations		(6,565)	(4,476)
Repayment of bank borrowings		(85,508)	(85,000)
Drawdown of bank borrowings		125,992	112,152
Net cash generated from financing activities		30,187	16,216
Net change in cash and cash equivalents		(9,553)	(35,772)
Cash and cash equivalents at beginning of the financial year		58,323	96,471
Effect of exchange rate changes		103	(2,376)
Cash and cash equivalents at end of the financial year	13	48,873	58,323

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

These notes form an integral part of and should be read in conjunction with the accompanying 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 SGX Centre II, #17-01, 4 Shenton Way, Singapore 068807. The Company's registration number is 200313131Z. The principal place of business is located at 190 Clemenceau Avenue #06-08 Singapore Shopping Centre, Singapore 239924. 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 and providing management services to its subsidiaries.

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 that are relevant to their operations and effective for the current financial year. The adoption of these new or revised FRS did not result in any substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective

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

		Effective date (annual periods beginning on or after)
FRS 7 (Amendments)	: *Disclosure Initiative*	1 January 2017
FRS 40 (Amendments)	: *Transfer of Investment Property*	1 January 2018
FRS 102 (Amendments)	: *Clarification and Measurement of Share-based Payment Transactions*	1 January 2018
FRS 109	: *Financial Instruments*	1 January 2018
FRS 115	: *Revenue from Contracts with Customers*	1 January 2018
FRS 115 (Amendments)	: *Clarification of Revenue from Contracts with Customers*	1 January 2018
INT FRS 122	: *Foreign Currency Transactions and Advance Consideration*	1 January 2018
FRS 116	: *Leases*	1 January 2019
INT FRS 123	: *Uncertainty over Income Tax Treatments*	1 January 2019

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

Except as disclosed below, management anticipates that the adoption of the above FRS and INT FRS in future periods, if applicable, will not have a material impact on the financial statements of the Group in the period of their initial adoption.

Adoption of IFRS-identical financial reporting standards

Singapore-incorporated companies listed on SGX-ST will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018. The Group will adopt the new financial framework on 1 October 2018 and will apply the equivalent of IFRS 1 First-time Adoption of International Financial Reporting Standards to the transition. This will involve restating the comparatives for the financial year ending 30 September 2018 and the opening statements of financial position as at 1 October 2017 in accordance with the new framework. The Group is in the process of assessing the impact of transition, including the impact from the adoption of IFRS 9 and 15 which is expected to be similar to the impact of FRS 109 and 115 disclosed below, as well as other transitional adjustments that may be required or elected under IFRS 1.

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.

Classification and measurement

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 can elect to recognise the gains and losses in other comprehensive income. 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 can also be measured at fair value through other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 Financial Instruments (Continued)

Classification and measurement (Continued)

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 derecognition of financial assets and financial liabilities.

The Group has completed its preliminary assessment of the classification and measurement of its financial assets and liabilities, and expects that financial assets and liabilities currently measured at amortised cost will continue to qualify for measurement at amortised cost and at fair value through profit or loss upon adoption of this standard. The investment in quoted equity securities at fair value currently classified as available for sale would appear to satisfy the conditions for classification as at fair value through other comprehensive income when FRS 109 is adopted. Subsequently, all fair value changes will be recognised in OCI and will not be reclassified to profit or loss, even on disposal.

Impairment

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 loss allowances as well as interest revenue. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income, the Group will 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 under the three-stage model or from initial recognition if the simplified model is applied.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. The Group is still in the process of determining how it will estimate expected credit losses and the sources of forward-looking data.

Transition

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 and intends to elect not to restate comparatives for the previous financial year and will include additional financial statement disclosures in the financial year when FRS 109 is adopted.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 115 Revenue from Contracts with Customers (Continued)

On initial adoption of this standard, the Group has preliminarily assessed that there will be no significant impact on the timing and pattern on the revenue recognition as disclosed in Note 2.14 to the financial statements. However, the Group is still in the process of making a detailed assessment on the revenue stream in respect of the trading and frozen food segment where FRS 115 will have a possible impact in respect of variable considerations and contract modifications.

The Group plans to adopt FRS 115 in the financial year beginning 1 October 2018 with full or cumulative retrospective effect in accordance with transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

FRS 116 Leases

FRS 116 supersedes FRS 17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a ‘right-of-use’ asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116. FRS 116 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of FRS 116, there may be a potentially significant impact on the accounting treatment for leases, which the Group as lessee currently accounts for as operating leases. On adoption of FRS 116, the Group will be required to capitalise its rented premise for its restaurants and coffee outlets and office equipment on the statement of financial position by recognising them as ‘right-of-use’ assets and their corresponding lease liabilities for the present value of future lease payments. The Group plans to adopt the standard in the financial year beginning 1 October 2019 using the modified retrospective in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that year.

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 on 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Non-controlling interests in the acquire 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

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.

2.3 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.

Subsequent expenditure relating to the property, plant and equipment is added to the carrying amount of the item if it is probable that the future economic benefits associated with the item, 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.

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:-

	Years
Leasehold land	52 - 81
Factory/office buildings	50
Plant and machinery	1.5 - 14.2
Cold room and freezer	5 - 10
Lab equipment	5 - 10
Furniture and fittings	3 - 10
Store equipment	5 - 10
Renovation	3 - 10
Motor vehicles	3 - 7
Office equipment	5 - 10
Computer system	3 - 5

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment (Continued)

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 for 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.

2.4 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of 50 to 52 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements are capitalised as additions and carrying amounts of the replaced components are written off to the profit or loss. The cost of maintenance, repairs and minor improvement are charged to the profit or loss when incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment at the date of reclassification and becomes its cost for accounting purposes.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2.5 Intangible assets

(i) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.2), 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets (Continued)

(ii) Trademarks

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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value as at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

2.6 Impairment of non-financial assets

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of non-financial assets (Continued)

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. 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.

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 bank overdrafts and excludes any deposits pledged. In the statements of financial position, bank overdrafts are presented within borrowings under current liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

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 and market. Loans and receivables comprise “trade and other receivables excluding prepayments, GST receivables and advances to suppliers, and include “fixed deposit” and “cash and bank balances” in the statements of financial position.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

(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 profit or loss. The net gain or loss recognised in profit or loss incorporates unrealised foreign exchange gain or loss.

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

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.

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, financial guarantee contracts 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial liabilities (Continued)

(i) Trade and other payables (Continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Equity instruments and treasury shares (Continued)

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 food and beverages from food services

Revenue from the operations of the food business is recognised net of discounts upon billing of food and beverages to the customers.

Revenue from sale of food, beverages and nutrition products

Revenue from the processing and distribution of food, beverages and nutrition products is recognised net of discounts and sales returns when the significant risks and rewards of ownership of the products have been transferred to the buyer upon passage of title to the customers, which generally coincides with their delivery and acceptance, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

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.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Income tax (Continued)

Deferred tax (Continued)

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Foreign currency transactions and translations (Continued)

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.

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 operation is reclassified to profit or loss.

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.

2.21 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.

2.22 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.

2.23 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Share-based payment (Continued)

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.

2.24 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.

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 statement 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.

2.25 Restoration costs

Provision for restoration costs is made based on the estimated cost of restoring the rented premises, arising from the use of such premises and in accordance to the stipulations in the tenancy agreements. The estimated costs of such restoration are included in the costs of property, plant and equipment.

The estimated restoration costs are reviewed and updated annually based on the latest cost of restoring a premise.

Provision for restoration costs is classified as current liabilities unless the tenancy agreement, for which the restoration is required, expire at least 12 months after the reporting date.

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.

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 available-for-sale equity instruments

At the end of each financial year, an assessment is made on whether there is objective evidence that an available-for-sale equity instrument is impaired. A significant or prolonged declined in the fair value of the security below its original cost is considered in determining whether the asset is impaired. In making this judgement, the Group evaluates among other factors, recent market information, historical share price movements, extent to which the fair value of an investment is less than its original costs.

The carrying amounts of the Group and the Company's available-for-sale equity instruments were approximately RM242,000 and RM Nil (2016: RM17,041,000 and RM16,829,000).

Further details of the impairment of available-for-sale equity instrument is as disclosed in Note 7 to the financial statements.

(ii) Impairment of goodwill, trademarks and franchise fees

The management determines whether goodwill, trademarks and franchise fees are impaired at least on an annual basis and as and when there is an indication that goodwill 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 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, trademarks and franchise fees as at 30 September 2017 were approximately RM16,464,000, RM12,740,000 and RM2,998,000 (2016: RM15,842,000, RM11,411,000 and RM2,621,000), respectively.

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

(iii) Impairment of property, plant and equipment

The Group carries out impairment assessment for certain property, plant and equipment where there is indication of an impairment. In carrying out the impairment assessment, management has identified the cash generating units ("CGUs") to which the property, plant and equipment belongs and determined the recoverable amounts of the CGUs by estimating the expected discounted future cash flows. Estimating the recoverable amounts requires the Group to determine a suitable sales growth rate, gross margin, discount rate and to make an estimate of the expected future cash flows from the cash-generating unit in order to calculate the present value of those cash flows.

The value-in-use calculations is most sensitive to the sales growth rate, gross margin and discount rate used for the discounted cash flow model. Changes to any of the key assumptions by 10% (2016: 10%) would not cause the carrying amounts of the respective cash-generating unit ("CGU") to be materially different from their recoverable amounts.

The carrying amount of property, plant and equipment as at 30 September 2017 was RM256,871,000 (2016: RM195,930,000).

(iv) 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.

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

3.2 Key sources of estimation uncertainty (Continued)

(iv) Income taxes (Continued)

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 2017 were approximately RM178,000, RM721,000, RM573,000 and RM2,270,000 (2016: RM425,000, RM1,067,000, RM2,291,000 and RM2,553,000), respectively.

(v) 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's and the Company's trade and other receivables excluding GST receivables, prepayments and advances to suppliers as at 30 September 2017 were approximately RM47,860,000 and RM279,496,000 (2016: RM49,271,000 and RM290,657,000), respectively.

(vi) 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 2017 was approximately RM44,644,000 (2016: RM43,723,000).

(vii) Impairment of investments in subsidiaries

The Company follow the guidance of FRS 36 in determining whether investments in subsidiaries are impaired. This determination requires the assumption made regarding the duration and extent to which the recoverable amount of an investment in a subsidiary is less than its costs and the financial health of and near-term business outlook for the investment in subsidiary, 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.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Factory/ office 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
2017														
Cost														
At 1 October 2016	10,053	72,576	21,677	85,123	6,791	540	10,602	24,527	25,824	12,114	5,601	1,865	5,680	282,973
Additions	-	-	-	1,189	925	14	4,985	7,581	13,365	2,462	713	648	56,223	88,105
Acquisition of subsidiaries	-	-	-	-	-	-	920	3,283	4,594	374	-	726	-	9,897
Reclassification	-	-	462	(311)	-	-	213	(259)	2,193	-	(612)	595	(2,281)	-
Transfer to investment properties (Note 5)	(1,520)	(443)	(2,677)	-	-	-	-	-	-	-	-	-	-	(4,640)
Disposals	-	-	-	(169)	-	-	-	(34)	(52)	(2,232)	(27)	-	(8)	(2,522)
Written off	-	-	-	(307)	(1)	-	(760)	(2,054)	(4,198)	(99)	(175)	(290)	-	(7,884)
Currency realignment	-	-	-	506	-	3	9	-	-	1	-	28	-	547
At 30 September 2017	8,533	72,133	19,462	86,031	7,715	557	15,969	33,044	41,726	12,620	5,500	3,572	59,614	366,476
Accumulated depreciation														
At 1 October 2016	-	840	2,227	30,645	2,363	276	4,051	7,493	9,234	7,883	2,806	1,004	-	68,822
Depreciation for the financial year	-	975	428	7,655	1,011	114	1,338	2,343	6,019	1,828	848	218	-	22,777
Acquisition of subsidiaries	-	-	-	-	-	-	774	2,991	4,517	374	-	651	-	9,307
Reclassification	-	-	-	236	-	-	-	(236)	35	-	(596)	561	-	-
Transfer to investment properties (Note 5)	-	(8)	(289)	-	-	-	-	-	-	-	-	-	-	(297)
Disposals	-	-	-	-	-	-	-	(18)	-	(2,209)	(4)	-	-	(2,231)
Written off	-	-	-	(305)	(1)	-	(697)	(1,970)	(3,685)	(99)	(170)	(272)	-	(7,199)
Currency realignment	-	-	-	180	-	-	8	-	-	1	-	16	-	205
At 30 September 2017	-	1,807	2,366	38,411	3,373	390	5,474	10,603	16,120	7,778	2,884	2,178	-	91,384
Accumulated Impairment														
At 1 October 2016/ 30 September 2017	-	-	-	18,221	-	-	-	-	-	-	-	-	-	18,221
Net carrying amount														
At 30 September 2017	8,533	70,326	17,096	29,399	4,342	167	10,495	22,441	25,606	4,842	2,616	1,394	59,614	256,871

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Factory/ office 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
2016														
Cost														
At 1 October 2015	10,053	-	15,906	81,175	5,955	435	5,673	12,935	13,724	11,386	2,825	2,057	-	162,124
Additions	-	72,576	5,771	2,719	862	100	2,615	6,888	6,901	1,330	1,586	152	5,680	107,180
Acquisition of subsidiaries	-	-	-	-	-	-	2,564	5,516	6,946	627	664	-	-	16,317
Reclassification	-	-	-	-	-	-	-	(131)	(36)	-	582	(415)	-	-
Disposals	-	-	-	(342)	-	-	-	(472)	(9)	(593)	(13)	-	-	(1,429)
Written off	-	-	-	(52)	(26)	-	(278)	(209)	(1,702)	(640)	(43)	-	-	(2,950)
Currency realignment	-	-	-	1,623	-	5	28	-	-	4	-	71	-	1,731
At 30 September 2016	10,053	72,576	21,677	85,123	6,791	540	10,602	24,527	25,824	12,114	5,601	1,865	5,680	282,973
Accumulated depreciation														
At 1 October 2015	-	-	1,805	24,782	1,602	204	1,617	3,043	2,340	6,830	1,243	1,172	-	44,638
Depreciation for the financial year	-	840	422	5,451	775	63	760	1,464	3,819	1,681	634	81	-	15,990
Acquisition of subsidiaries	-	-	-	-	-	-	1,748	3,313	3,646	583	635	-	-	9,925
Reclassification	-	-	-	-	-	5	-	(42)	(15)	-	338	(286)	-	-
Disposals	-	-	-	(244)	-	-	-	(195)	(2)	(574)	(7)	-	-	(1,022)
Written off	-	-	-	(49)	(14)	-	(100)	(90)	(554)	(640)	(37)	-	-	(1,484)
Currency realignment	-	-	-	705	-	4	26	-	-	3	-	37	-	775
At 30 September 2016	-	840	2,227	30,645	2,363	276	4,051	7,493	9,234	7,883	2,806	1,004	-	68,822
Accumulated Impairment														
At 1 October 2015	-	-	-	18,234	-	-	-	-	-	-	-	-	-	18,234
Write back of impairment	-	-	-	(13)	-	-	-	-	-	-	-	-	-	(13)
At 30 September 2016	-	-	-	18,221	-	-	-	-	-	-	-	-	-	18,221
Net carrying amount														
At 30 September 2016	10,053	71,736	19,450	36,257	4,428	264	6,551	17,034	16,590	4,231	2,795	861	5,680	195,930

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computer system RM'000
Company	
2017	
Cost	
At 1 October 2016	127
Currency realignment	4
At 30 September 2017	131
Accumulated depreciation	
At 1 October 2016	126
Depreciation for the financial year	1
Currency realignment	4
At 30 September 2017	131
Net carrying amount	
At 30 September 2017	-
2016	
Cost	
At 1 October 2015	131
Currency realignment	(4)
At 30 September 2016	127
Accumulated depreciation	
At 1 October 2015	116
Depreciation for the financial year	13
Currency realignment	(3)
At 30 September 2016	126
Net carrying amount	
At 30 September 2016	1

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

	2017 RM'000	2016 RM'000
Additions of property, plant and equipment	88,105	107,180
Acquired under finance lease	(9,698)	(11,598)
	78,407	95,582
Add: Changes in other payables	2,220	-
Less: Deposits paid in prior year	-	(36,359)
Less: Provision for restoration costs	(305)	(864)
Cash payments made to acquire property, plant and equipment	80,322	58,359

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Management has plans to relocate certain property, plant and equipment to a new factory building three years later. Therefore, management had reviewed and revised the useful lives of non-movable property, plant and equipment to three years. The revision in estimate has been applied on a prospective basis from 1 October 2016. The effect of the revision of useful lives on depreciation charge in the current and future periods are as below:-

	2017 RM'000	2018 RM'000	2019 RM'000
Increase in depreciation expense	2,606	2,606	2,606

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

	Group	
	2017 RM'000	2016 RM'000
Net carrying amount		
Plant and machinery	951	307
Cold room and freezer	1,174	994
Furniture and fittings	4,704	3,011
Motor vehicles	3,734	962
Office equipment & computer system	520	579
Store equipment	12,777	10,391
Renovation	3,805	3,425
	27,665	19,669

Borrowing costs of RM602,000 (2016: Nil) which arose on the financing specifically entered into for the construction of the warehouse buildings were capitalised by the Group during the financial year.

Assets under construction represent expenditure for factory building in the course of construction (2016: expenditure for factory building in the course of construction and renovation costs of corporate office building).

The carrying amount of leasehold land, building and assets under construction of RM92,067,000 were pledged to a licensed bank as security for a banking facility granted to the Group (Note 15).

The following express conditions and restrictions on the Group's leasehold land (Pulau Indah) and assets under construction with net carrying amount of RM117,761,000:-

(i) the land is designated as Selangor Halal Hub and shall be used only for industrial purposes;
(ii) the industrial activities to be carried out shall be in compliance with the Halal Park guidelines and requirements, and in accordance with Islamic principles;
(iii) shall only consist of industries whose activities are consistent and within the overall concept of the Selangor Halal Hub and must have been approved by the appropriate authorities; and
(iv) any assignment, pledge and lease of land requires the consent of the appropriate authorities.

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 30 September 2017, information relating to the Group's freehold/leasehold properties are as follows:-

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
Trading and Frozen Food Division				
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
Lot 1237, 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
Food Processing Division				
Lot 17225, Jalan Haruan 6, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan, Malaysia	Industrial land	Factory building	64,810	29,550
Lots nos. 76, 77, 78, 79, 80, 83, 84 and 85, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia	Industrial land	Lots nos. 76, 77, 78, 79, 80 and 85: Vacant Lots nos. 83 and 84: Construction of factory buildings	1,550,736	-

5. INVESTMENT PROPERTIES

	Group	
	2017	2016
	RM'000	RM'000
Cost		
At 1 October	24,133	-
Additions	-	24,133
Reclassification from property, plant and equipment (Note 4)	4,640	-
At 30 September	28,773	24,133
Accumulated depreciation		
At 1 October	(431)	-
Depreciation for the financial year	(482)	(431)
Reclassification from property, plant and equipment (Note 4)	(297)	-
At 30 September	(1,210)	(431)
Net carrying amount		
At 30 September	27,563	23,702

	Group	
	2017	2016
	RM'000	RM'000
Represented by:		
Freehold land	1,520	-
Leasehold land	16,556	16,452
Leasehold building	7,290	7,250
Factory building	2,197	-
	27,563	23,702

The following amounts are recognised in profit or loss:-

	Group	
	2017	2016
	RM'000	RM'000
Rental income from investment properties (Note 25)	1,594	1,282
Direct operating expenses arising from:		
- Rental-generating investment properties	493	285
- Non-rental-generating investment properties	703	957
	1,196	1,242

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancement.

During the financial year, the Group has reclassified the land and building from its property, plant and equipment to investment properties with a carrying amount of RM4,343,000 pursuant to the change in the usage of the freehold land and building.

5. INVESTMENT PROPERTIES (CONTINUED)

As at 30 September 2017, the fair value of the Group's investment properties amounted to RM53,927,000 (2016: RM45,600,000).

The fair value of the office building was estimated based on management's estimation by using the direct sales comparison approach by making reference to market evidence of prices per square feet for comparable properties, adjusted for key attributes such as size, tenure, location, condition and prevailing market conditions.

In respect of the factory warehouse, the fair value was estimated with reference to the recent valuation by an independent professional valuer having experience in the location and category of this property.

Both fair values determined is based on the asset's highest and best use, which is in line with its actual use and according to the comparison valuation method within level 3 of the fair value hierarchy. The most significant input using this valuation method would be price per square feet.

The leasehold land and building with fair value as above is partially owner-occupied where the net book value of RM17,540,000 (2016: RM18,521,000) is included in property, plant and equipment (Note 4).

The carrying amount of leasehold land and building of RM23,846,000 were pledged to a licensed bank as security for a banking facility granted to the Group (Note 15).

Details of the Group's investment properties are as detailed below:-

Location	Description	Tenure	Unexpired lease term
No.11 Jalan 225, Petaling Jaya, 46100 Selangor Darul Ehsan, Malaysia	Office building	Leasehold	50 years
PT 4974, Jalan Haruan 8, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan, Malaysia	Industrial land Factory building Warehouse	Freehold	-

6. INVESTMENTS IN SUBSIDIARIES

6.1 Investments in subsidiaries comprise:

	Company 2017 RM'000	Company 2016 RM'000
Unquoted equity shares in corporations, at cost	11,489	11,167
Issuance of financial guarantee contracts	4,732	1,837
Issuance of share options to Group's employees	641	623
Advances deemed as investments in subsidiaries*	73,489	-
	90,351	13,627

* During the financial year, amounts due from subsidiaries which are non-trade were reclassified as deemed investments in subsidiaries as the planned settlement is through capitalisation of debt through issuance of ordinary shares of the subsidiaries.

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries

Name of company (Country of incorporation/ principal place of business)	Principal activities	Effective equity held by the Group 2017 (%)	2016 (%)
Held by the Company			
Polygold Holdings Sdn Bhd(2) (Malaysia)	Investment holding	100	100
Envictus Brands Pte Ltd(1) (Singapore)	Collecting royalties for the brands that it owns	100	100
Envictus Capital (Labuan) Inc.(2) (Malaysia)	Intra-group lending and investment holding	100	100
Envictus Foods International Inc.(2) (Malaysia)	Investment holding	100	100
Envictus Foods (M) Sdn Bhd(2) (Malaysia)	Investment holding	100	100
Envictus IT Services Sdn Bhd(2) (Malaysia)	IT services	100	100
Envictus NZ Limited(3) (New Zealand)	Investment holding	100	100
Eureka Capital Sdn Bhd(2) (Malaysia)	Providing management services and property investment	100	100
Glenland Sdn Bhd(2) (Malaysia)	Investment holding	100	100
Envictus Food Services Sdn Bhd(2) (Malaysia)	Investment holding	100	100
Envictus QSR Pte Ltd(1) (Singapore)	Investment holding	100	100
Held by the subsidiaries			
- Envictus Capital (Labuan) Inc.			
PT Sentrafood Indonusa(4)(5) (Indonesia)	Dormant	100	100
- Envictus Foods (M) Sdn Bhd			
Pok Brothers Sdn Bhd(2) (Malaysia)	Wholesalers of foodstuff, provisions and frozen meat	100	100
De-luxe Food Services Sdn Bhd(2) (Malaysia)	Manufacturer and distributor of bakery products	100	100
Gourmessa Sdn Bhd(2) (Malaysia)	Manufacturing of convenient value added frozen food	100	100
Dominade Marketing Sdn Bhd(2) (Malaysia)	Dormant	100	100

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 2017 (%)	Effective equity held by the Group 2016 (%)
Held by the subsidiaries (Continued)			
- Polygold Holdings Sdn Bhd			
Polygold Beverages Sdn Bhd[2] (Malaysia)	Manufacturing and distribution of beverage products	100	100
Polygold Marketing Sdn Bhd[2] (Malaysia)	Marketing and distribution of food and beverage products	100	100
Envictus Dairies Marketing Sdn Bhd[2] [8] (Formerly known as Polygold Foods Sdn Bhd) (Malaysia)	Dormant	100	100
- Envictus NZ Limited			
Envictus Dairies NZ Limited[3] (New Zealand)	Manufacturing of dairies and water based products	72.3	72.3
Naturalac Nutrition Limited[3] (New Zealand)	Marketing of branded sport nutrition and weight management foods	100	100
- Envictus QSR Pte Ltd			
PT Quick Service Restaurant[4][6] (Indonesia)	Operation of fast food restaurant business	100	-
- Pok Brothers Sdn Bhd			
Pok Brothers (Johor) Sdn Bhd[2] (Malaysia)	Wholesalers of foodstuff, provisions and frozen meat	100	100
Pok Brothers (Selangor) Sdn Bhd[2] [7] (Malaysia)	Dormant	100	100
- De-luxe Food Services Sdn Bhd			
Daily Fresh Bakery Sdn Bhd[2] (Malaysia)	Trading of cakes, breads, biscuits and confectioneries	100	100
Family Bakery Sdn Bhd[2] (Malaysia)	Manufacturing and trading of cakes, breads, biscuits and confectioneries	100	100
- Envictus Food Services Sdn Bhd			
Texas Chicken (Malaysia) Sdn Bhd[2] (Malaysia)	Quick service restaurant	100	100

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 2017 (%)	2016 (%)
Held by the subsidiaries (Continued)			
- Envictus Food Services Sdn Bhd (Continued)			
Hot Bun Food Industries Sdn Bhd[(2)] (Malaysia)	Dormant	100	100
Lyndarahim Ventures Sdn Bhd[(2)] (Malaysia)	Investment holding	100	100
The Delicious Group Sdn Bhd[(2)] (Malaysia)	Café and restaurant operator	100	-
- Lyndarahim Ventures Sdn Bhd			
San Francisco Coffee Sdn Bhd[(2)] (Malaysia)	Operating a chain of specialty coffee outlets	100	100
- The Delicious Group Sdn Bhd			
Delicious Catering Sdn Bhd[(2)] (Malaysia)	Food catering services	100	-
Food Emporium Sdn Bhd[(2)] (Malaysia)	Café and restaurant operator	100	-
Reunion Restaurants Sdn Bhd[(2)] (Malaysia)	Dormant	100	-
The Delicious (Singapore) Pte Ltd[(1)] (Singapore)	Dormant	100	-

(1) Audited by BDO LLP, Singapore, a member firm of BDO International Limited.
(2) Audited by BDO, Malaysia, a member firm of BDO International Limited.
(3) Audited by BDO Auckland, New Zealand, a member firm of BDO International Limited.
(4) Audited by Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan, a member of Crowe Horwath International.
(5) Envictus Capital (Labuan) Inc. and Envictus Foods International Inc. hold 68% and 32%, respectively.
(6) Envictus QSR Pte Ltd and Envictus Capital (Labuan) Inc. hold 99% and 1%, respectively.
(7) This subsidiary is in process of strike-off by the Register of Companies pursuant to section 551(1) of the Companies Act in Malaysia and its financial statement is not audited for the financial year ended 30 September 2017.
(8) This subsidiary has changed its company name with effective from 17 October 2017.

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% (2016: 27.7%) that is material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:-

	2017 RM'000	2016 RM'000
Summarised Statement of Comprehensive Income for the financial year:		
Revenue	24,479	17,931
Loss before tax	(4,131)	(4,643)
Income tax credit/(expense)	32	(7)
Loss after tax allocated	(4,099)	(4,650)
Loss after tax allocated to NCI	(1,136)	(1,288)
Other comprehensive income allocated to NCI	(124)	(888)
Loss allocated to NCI, representing total comprehensive income allocated to NCI	(1,260)	(2,176)

In the previous financial year, the total loss allocated to NCI, representing total comprehensive income allocated to NCI as disclosed in the statement of comprehensive income included share of losses of Lyndarahim Ventures Sdn Bhd of RM119,000 prior to the acquisition of the remaining 15% equity interest.

	2017 RM'000	2016 RM'000
Summarised Statement of Cash Flows for the financial year:		
Cash flows from/(used in) operating activities	407	(1,947)
Cash flows used in investing activities	(245)	(418)
Cash flows from financing activities	1,093	2,425
Net cash inflows	1,255	60

	2017 RM'000	2016 RM'000
Summarised Statement of Financial Position as at 30 September:		
Assets:		
Current assets	4,980	3,374
Non-current assets	15,056	16,741
Total assets	20,036	20,115
Liabilities:		
Current liabilities	54,602	50,134
Net liabilities	(34,566)	(30,019)
Attributable to:		
Owners of the Company	(24,991)	(21,704)
Accumulated non-controlling interests	(9,575)	(8,315)

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.4 Additional investment in subsidiaries in financial year 2017

(i) On 21 March 2017, the Group incorporated a subsidiary company in Indonesia known as PT Quick Service Restaurant ("PTQSR") by the subscription of 200 new shares in the capital of PTQSR at an issue price of Rp12,500,000 per share and for a total cash consideration of Rp2,500,000,000. PTQSR's principal activity is the operation of fast food restaurant business.

(ii) On 16 August 2017, Envictus Foods (M) Sdn Bhd ("EFMSB"), a wholly-owned subsidiary of the Company has subscribed for 15,000,000 new ordinary shares of RM0.10 each in the share capital of De-Luxe Food Services Sdn Bhd ("DFSSB"), the consideration was settled by way of capitalisation of the loan amount of RM1,500,000 owing by DFSSB to EFMSB.

6.5 Acquisition of investment in subsidiaries in financial year 2017

On 30 November 2016, the Group acquired 2,925,000 ordinary shares in The Delicious Group Sdn Bhd ("TDGSB"), representing 100% of equity interest in TDGSB for a total aggregate cash consideration of RM518,000.

TDGSB is principally engaged in the business as a café and restaurant operator. TDGSB has three wholly-owned subsidiaries in Malaysia, namely Reunion Restaurants Sdn Bhd, Delicious Catering Sdn Bhd, Food Emporium Sdn Bhd and another wholly-owned subsidiary in Singapore, namely The Delicious (Singapore) Pte Ltd.

The acquisition represents a strategic investment by the Group to expand its existing business to café and restaurant business operated by TDGSB. This will enable the enlarged group to achieve operational and business synergy and economies of scale.

The other business segments of the Group have also derived synergistic benefits from being able to supply their premium products to complement the restaurant business.

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.5 Acquisition of investment in subsidiaries in financial year 2017 (Continued)

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

	Fair value recognised on date of acquisition RM'000
Property, plant and equipment	590
Intangible assets – trademarks (Note 9)	1,329
Inventories	180
Trade and other receivables	1,658
Tax recoverable	101
Pledged fixed deposits	544
Cash and bank balances	379
	4,781
Trade and other payables	(4,241)
Provision for restoration and others	(439)
	(4,680)
Total identifiable net assets at fair value	101
Goodwill arising from acquisition*	417
Purchase consideration	518

From the date of acquisition, TDGSB has contributed RM6,160,000 revenue and RM5,933,000 loss net of tax to the Group. If the combination had taken place at the beginning of the financial year, the Group's revenue and loss, net of tax would have been RM412,320,000 and RM54,637,000.

Trademarks have been identified as an intangible assets arising from the acquisition.

Goodwill of RM417,000 arising from the acquisition is attributable to the growth potential of café and restaurant business operated by TDGSB and its future earnings.

None of the goodwill is expected to be deductible for tax purpose.

Transaction costs related to the acquisition of RM30,000 have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the financial year ended 30 September 2017.

The effects of the acquisition of the subsidiaries on cash flows are as follows:-

	RM'000
Total consideration for 100% equity interest acquired	518
Less: Cash and cash equivalents	(379)
Net cash outflow from acquisition	139

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Quoted equity securities, at fair value				
At 1 October	17,041	165	16,829	-
Additions	-	32,123	-	32,123
Fair value gain/(loss) recognised directly in other comprehensive income	30	(15,060)	-	(15,107)
Cumulative fair value reserve recycled to profit or loss	15,541	-	15,541	-
Impairment loss for year (Note 25)	(32,870)	-	(32,870)	-
	(17,329)	-	(17,329)	-
Currency realignment	500	(187)	500	(187)
Total	242	17,041	-	16,829

The currency profiles of the available-for-sale financial assets as at 30 September are as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	242	212	-	-
Singapore dollar	-	16,829	-	16,829
	242	17,041	-	16,829

During the financial year, the Group recognised full impairment loss of RM32,870,000 in respect of its investment in Yamada Green Resources Limited ("Yamada") based on the following:-

(i) A significant or prolonged decline in the fair value of the investment compared to its original cost;
(ii) The sequence of events and adverse news announced by Yamada followed by the trading suspension of its quoted securities on the Singapore Exchange Securities Trading Limited (SGX-ST) since 16 September 2017 up to the date of these financial statements; and
(iii) The Group and the Company had previously obtained a revolving credit facility from a bank to finance the acquisition of the quoted securities of Yamada which were then pledged to the bank as security, as disclosed in Note 15 to the financial statements.

On 16 October 2017, the bank requested full repayment of the total outstanding balance of the revolving credit facility of approximately SGD2,800,000 (equivalent to RM8,722,000), including interest, utilised to finance the acquisition of Yamada. The Company had on 17 October 2017 made full repayment of the total outstanding amount.

The quoted equity securities of Yamada Green Resources Limited have been pledged to a licensed bank as security for the banking facility granted to the Group and Company as disclosed in Note 15 to the financial statements.

8. DEFERRED TAX ASSETS

	Group 2017 RM'000	Group 2016 RM'000
At 1 October	1,067	964
Currency realignment	19	44
Recognised in profit or loss	(365)	59
At 30 September	721	1,067

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
Group				
At 1 October 2015	363	447	154	964
Currency realignment	1	28	15	44
Recognised in profit or loss	5	15	39	59
At 1 October 2016	369	490	208	1,067
Currency realignment	-	15	4	19
Recognised in profit or loss	(4)	(417)	56	(365)
At 30 September 2017	365	88	268	721

	Group 2017 RM'000	Group 2016 RM'000
Deferred tax assets not recognised		
At 1 October	39,312	33,241
Deferred tax assets not recognised during the financial year	6,113	2,660
Acquisition of a subsidiary	-	3,411
Currency realignment	1,671	-
At 30 September	47,096	39,312

At the end of the financial year, the above deferred tax assets not recognised comprises unutilised tax losses and other temporary differences of approximately RM137,899,000 (2016: RM116,883,000) and RM48,291,000 (2016: RM45,017,000), 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	Trademarks RM'000	Computer software RM'000	Franchise fees* RM'000	Total RM'000
Group					
2017					
Cost					
At 1 October 2016	27,619	23,362	2,236	3,467	56,684
Additions	205	-	118	652	975
Acquisition of subsidiaries	417	1,329	-	-	1,746
Written off	-	-	(17)	-	(17)
Currency realignment	168	-	8	-	176
At 30 September 2017	28,409	24,691	2,345	4,119	59,564
Accumulated amortisation					
At 1 October 2016	-	-	1,443	846	2,289
Amortisation for the financial year	-	-	272	275	547
Written off	-	-	(17)	-	(17)
Currency realignment	-	-	7	-	7
At 30 September 2017	-	-	1,705	1,121	2,826
Accumulated impairment					
At 1 October 2016	11,777	11,951	-	-	23,728
Currency realignment	168	-	-	-	168
At 30 September 2017	11,945	11,951	-	-	23,896
Net carrying amount					
At 30 September 2017	16,464	12,740	640	2,998	32,842

9. INTANGIBLE ASSETS (CONTINUED)

	Goodwill RM'000	Trademarks RM'000	Computer software RM'000	Franchise fees* RM'000	Total RM'000
Group					
2016					
Cost					
At 1 October 2015	15,271	20,062	1,575	2,893	39,801
Additions	-	-	364	574	938
Acquisition of subsidiaries	11,800	3,300	305	-	15,405
Currency realignment	548	-	(8)	-	540
At 30 September 2016	27,619	23,362	2,236	3,467	56,684
Accumulated amortisation					
At 1 October 2015	-	-	935	596	1,531
Acquisition of subsidiaries	-	-	218	-	218
Amortisation for the financial year	-	-	296	250	546
Currency realignment	-	-	(6)	-	(6)
At 30 September 2016	-	-	1,443	846	2,289
Accumulated impairment					
At 1 October 2015	11,229	11,951	-	-	23,180
Currency realignment	548	-	-	-	548
At 30 September 2016	11,777	11,951	-	-	23,728
Net carrying amount					
At 30 September 2016	15,842	11,411	793	2,621	30,667

* The remaining useful life of the franchise fees is between 5 to 20 years (2016: 6 to 20 years).

9. INTANGIBLE ASSETS (CONTINUED)

	Computer software	
	2017	**2016**
	RM'000	**RM'000**
Company		
Cost		
At 1 October	267	276
Currency realignment	8	(9)
At 30 September	275	267
Accumulated amortisation		
At 1 October	260	213
Amortisation for the financial year	7	53
Currency realignment	8	(6)
At 30 September	275	260
Net carrying amount		
At 30 September	-	7

The amortisation of computer software and franchise fees is included in the "Administrative expenses" in the consolidated statement of comprehensive income.

During the financial year, the Group had paid franchise fees in relation to new stores of RM652,000 (2016: RM574,000) in accordance with the International Multiple Unit Franchise Agreement to develop and operate "Texas Chicken" restaurants for a period of 10 to 20 years in Malaysia.

During the financial year, the Group acquired trademarks in respect of the "The Delicious" restaurants with a fair value of RM1,329,000 as detailed in Note 6.5 to the financial statements.

Trademarks relate to various trademarks under the brand names of Horleys, San Francisco Coffee, Family and Daily Fresh acquired through business combinations in previous financial years.

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

Impairment testing of goodwill 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.

For presentation purposes, the carrying amounts of goodwill, 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; and
(c) Nutrition Division

9. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill, trademarks and other intangible assets (Continued)

	Trading and Frozen Food RM'000	Food Services RM'000	Nutrition RM'000
2017			
Net carrying amount			
Goodwill	4,042	12,422	-
Trademarks	-	4,629	8,111
Franchise fees	-	2,998	-
2016			
Net carrying amount			
Goodwill	4,042	11,800	-
Trademarks	-	3,300	8,111
Franchise fees	-	2,621	-

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 covering a 5-year period or more, no growth is projected after the fifth year. The key assumptions for these value-in-use calculations are those regarding the discount rates, sales growth rates and gross margins.

	Trading and Frozen Food %	Food Services %	Nutrition %
2017			
Gross margin(1)	17.61	57.50 – 64.00	46.40
Sales growth rate(2)	10.55	21.16 – 22.00	3.46
Discount rate(3)	6.65	6.65	5.50
2016			
Gross margin(1)	17.40	44.50	44.74
Sales growth rate(2)	12.00	31.09	2.67
Discount rate(3)	6.65	6.65	5.50

(1) Average budgeted gross margin.
(2) Average sales growth rate used to extrapolate cash flows for the 5-year period.
(3) Pre-tax discount rate applied to the cash flow projections.

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.

Sales growth rates – The forecasted sales growth rates are based on management estimates with reference to the historical trend.

9. INTANGIBLE ASSETS (CONTINUED)

Key assumptions used in the value-in-use calculations (Continued)

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% (2016:10%) would not cause the carrying amounts of the respective CGUs to be materially different from their recoverable amount.

The bank borrowings was fully repaid during the year and the trademark pledge was discharged at year end. In previous financial year, The Horleys trademark with a carrying amount of approximately RM8,111,000 has been pledged to a financial institution for banking facility granted to a subsidiary.

10. INVENTORIES

	Group 2017 RM'000	Group 2016 RM'000
Finished goods	36,232	34,731
Raw materials	3,012	3,353
Packaging materials	2,820	3,419
Work in progress	238	23
Consumables	3,478	2,482
	45,780	44,008
Allowance for write-down of inventories	(1,136)	(285)
	44,644	43,723

Movements in the allowance for write-down of inventories are as follows:-

	Group 2017 RM'000	Group 2016 RM'000
At 1 October	285	-
Allowance made during the financial year	1,136	285
Reversal of allowance no longer required	(285)	-
At 30 September	1,136	285

The cost of inventories recognised as an expense and included in "cost of goods sold" in the consolidated statement of comprehensive income amounted to RM253,321,000 (2016: RM242,411,000).

The allowance provided during the financial year of RM1,136,000 (2016: RM285,000) pertains to the slow moving inventories.

In previous financial year, the Group's inventories with a carrying amount of approximately RM7,606,000 is subject to a floating charge for a banking facility granted to a subsidiary.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current receivables				
Trade receivables	39,478	46,584	-	-
Allowance for doubtful trade receivables	(1,571)	(4,746)	-	-
	37,907	41,838	-	-
Other receivables	964	1,113	172	870
GST receivables	2,309	1,302	-	-
Allowance for doubtful other receivables	(27)	(38)	-	-
	3,246	2,377	172	870
Prepayments	9,083	5,801	45	30
Deposits	9,016	6,358	447	434
Advances to suppliers	-	295	-	-
	18,099	12,454	492	464
Due from subsidiaries				
- non-trade	-	-	327,119	354,925
Allowance for doubtful debts	-	-	(48,242)	(65,572)
	-	-	278,877	289,353
Total trade and other receivables	59,252	56,669	279,541	290,687

The trade amounts owing by third parties are repayable within the normal trade credit terms of 30 to 60 days (2016: 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 2017 is adequate.

The non-trade amounts due from subsidiaries are unsecured, interest-free, repayable on demand (2016: same terms) and are to be settled in cash, except for the amount due from a subsidiary of RM26,035,000 (2016: RM21,593,000) which bears interest at 5.55% (2016: 5.55%) per annum.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group	
	2017	2016
	RM'000	RM'000
At 1 October	4,746	4,406
Currency realignment	(57)	70
Acquisition of subsidiaries	-	314
Allowance made during the financial year	679	449
Write back of allowance no longer required	(245)	(435)
Doubtful trade receivables written off against allowance	(3,552)	(58)
At 30 September	1,571	4,746

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 other receivables are as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 October	38	41	65,572	65,114
Reversal of allowance for doubtful debts	(11)	-	(17,831)*	-
Currency realignment	-	(3)	501	458
At 30 September	27	38	48,242	65,572

* The reversal of allowance for doubtful debts on amount due from subsidiaries of RM17,831,000 was mainly due to the capitalisation of debts through the issuance of shares of certain subsidiaries as disclosed in Note 32(v).

The currency profiles of the Group's and Company's trade and other receivables (excluding GST receivables, prepayments and advances to suppliers) as at 30 September are as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	40,657	41,468	178,715	187,824
Singapore dollar	592	1,232	29,176	39,513
United States dollar	179	60	29,926	29,195
New Zealand dollar	5,132	4,817	40,443	31,249
Australian dollar	1,300	1,694	49	46
British Pound Sterling	-	-	872	825
Euro	-	-	-	2,005
Indonesian Rupiah	-	-	315	-
	47,860	49,271	279,496	290,657

12. HELD-FOR-TRADING INVESTMENTS

	Group and Company	
	2017	2016
	RM'000	RM'000
Quoted equity securities[1]	12,403	36,716
Unit trust[2]	11,010	20,562
	23,413	57,278

[1] Traded in United States, Singapore and Hong Kong Stock Exchanges
[2] 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	
	2017	2016
	RM'000	RM'000
Singapore dollar	10,969	17,293
United States dollar	6,012	33,094
Hong Kong dollar	2,662	3,641
Australian dollar	3,770	3,250
	23,413	57,278

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fixed deposits	14,225	13,821	-	-
Cash and bank balances	35,664	45,561	5,175	4,633
Total	49,889	59,382	5,175	4,633
Pledged fixed deposits	(571)	(270)	-	-
Bank overdraft (Note 15)	(445)	(789)	-	-
Cash and cash equivalents, per consolidated statement of cash flows	48,873	58,323	5,175	4,633

Fixed deposits are placed for a period approximately 30 to 365 days (2016: 90 to 180 days) and the effective interest rates on the fixed deposits ranged from 2.95% to 6.75% (2016: 3.15% to 8.25%) per annum. The total fixed deposits of RM571,000 (2016: RM270,000) was pledged as security for the bank guarantee and payroll letter of credit facility.

13. CASH AND CASH EQUIVALENTS (CONTINUED)

The currency profiles of the Group's and Company's fixed deposits and cash and bank balances as at 30 September are as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	30,062	39,449	3,170	660
Singapore dollar	1,817	2,747	1,738	2,639
United States dollar	32	1,060	30	1,055
New Zealand dollar	2,628	1,147	23	31
Australian dollar	287	412	111	110
Indonesian rupiah	14,960	14,429	-	-
Hong Kong dollar	103	138	103	138
	49,889	59,382	5,175	4,633

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade payables – third parties	19,850	21,403	-	-
GST payables	143	63	-	-
Provision for employee benefits	439	311	-	-
Other payables	11,729	7,662	12	284
Deposits received	787	358	-	-
Accruals	14,909	16,257	1,499	4,037
Due to subsidiaries – non-trade	-	-	7	143,893
Total trade and other payables	47,857	46,054	1,518	148,214

The average credit period on purchases of goods is 7 to 60 days (2016: 7 to 60 days).

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand (2016: same terms) to be settled in cash.

14. 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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	35,115	30,840	15	-
Singapore dollar	1,631	4,202	1,503	-
United States dollar	457	1,217	-	146,688
New Zealand dollar	6,460	7,755	-	1,369
Australian dollar	1,806	1,396	-	-
Euro	965	207	-	-
Swiss Franc	421	50	-	-
British Pound	380	-	-	-
Indonesian rupiah	40	13	-	157
	47,275	45,680	1,518	148,214

15. BANK BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Secured:				
Banker's acceptance	24,886	36,933	-	-
Revolving credit	8,746	3,919	8,746	3,919
Bank overdraft	445	789	-	-
Offshore foreign currency loan	-	1,800	-	-
Term loans	8,730	5,084	-	-
	42,807	48,525	8,746	3,919
Non-current liabilities				
Secured:				
Term loans	72,411	26,409	-	-
Total bank borrowings	115,218	74,934	8,746	3,919

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.

15. 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		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	106,472	69,215	-	-
Singapore dollar	8,746	3,919	8,746	3,919
New Zealand dollar	-	1,800	-	-
	115,218	74,934	8,746	3,919

	Group		Company	
	2017	2016	2017	2016
Effective interest rates	%	%	%	%
Banker's acceptance	3.20 – 4.70	3.20 – 4.70	-	-
Revolving credit	3.10 to 3.35	3.20 to 3.25	3.10 to 3.35	3.20 to 3.25
Bank overdraft	7.65	7.65	-	-
Offshore foreign currency loan	-	5.06 – 5.87	-	-
Term loans	4.35 – 7.35	4.35 – 7.35	-	-

Non-current bank borrowings are repayable as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
After one year	9,685	6,936	-	-
Two to five years	28,517	12,223	-	-
After five years	34,209	7,250	-	-
	72,411	26,409	-	-

The Group's bank borrowings as at 30 September 2017 are secured against the following:-

(a) Company's Corporate Guarantee, except for a secured term loan of RM102,000 (2016: RM131,000) (Note 17);
(b) Pledge of leasehold land, building and assets under construction (Note 4 and Note 5);
(c) Pledge of shares of a subsidiary;
(d) Debenture comprising fixed and floating charge over all future and present assets of a subsidiary; and
(e) Pledge of available-for-sale financial asset (Note 7).

16. FINANCE LEASE PAYABLES

	Minimum lease payments RM'000	Future finance charges RM'000	Present value of lease payments RM'000
Group			
2017			
Within one year	8,485	(1,169)	7,316
After one year but within five years	17,849	(1,311)	16,538
	26,334	(2,480)	23,854
2016			
Within one year	6,741	(1,069)	5,672
After one year but within five years	16,394	(1,345)	15,049
	23,135	(2,414)	20,721

The finance lease terms range from 1 to 5 years (2016: 1 to 5 years). The effective interest rates charged during the financial year ranges from 2.50% to 5.77% (2016: 2.32% to 5.81%) 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 17) issued by the Company.

The currency profiles of the Group's finance lease payables as at 30 September are denominated in Ringgit Malaysia.

17. FINANCIAL GUARANTEE CONTRACTS

	Company	
	2017 RM'000	2016 RM'000
At 1 October	1,606	1,897
Addition during the financial year	2,844	-
Amortisation during the financial year	(979)	(227)
Currency realignment	51	(64)
At 30 September	3,522	1,606

The Company provided corporate guarantee to banks for certain bank borrowings and finance lease payables of its subsidiaries. The balance as at 30 September 2017 of RM3,522,000 (2016: RM1,606,000) represents the fair value of financial guarantee contracts which was discounted at interest rates ranging from 2.85% to 6.50% (2016: 3.30% to 5.06%) per annum for over 1 to 9 years (2016: 1 to 12 years).

18. DEFERRED TAX LIABILITIES

	Group 2017 RM'000	Group 2016 RM'000
At 1 October	2,553	3,402
Currency realignment	-	1
Recognised in profit or loss	(283)	(850)
At 30 September	2,270	2,553

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
Group				
At 1 October 2015	1,259	2,200	(57)	3,402
Currency realignment	-	-	1	1
Recognised in profit or loss	(1,259)	718	(309)	(850)
At 1 October 2016	-	2,918	(365)	2,553
Recognised in profit or loss	-	(35)	(248)	(283)
At 30 September 2017	-	2,883	(613)	2,270

19. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
Share capital	2017		2016	
	S$'000	RM'000	S$'000	RM'000
Issued and fully paid:				
At the beginning/end of the financial year	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.

In the previous financial year, the Company had completed its share consolidation exercise with every five (5) existing shares consolidated to constitute one (1) consolidated share, so as to comply with the minimum trading price requirement as required by the Monetary Authority of Singapore and the SGX-ST.

19. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

Movements in number of shares issued:-

	Group and Company	
	Number of ordinary shares	
	2017	2016
	'000	'000
At 1 October	126,385	631,927
Share consolidation	-	(505,542)
At 30 September	126,385	126,385

Treasury shares

Movement in treasury shares:-

	Group and Company			
	Number of treasury shares		Amount	
	2017	2016	2017	2016
	'000	'000	RM'000	RM'000
At 1 October	242	1,210	183	183
Share consolidation	-	(968)	-	-
At 30 September	242	242	183	183

The total amount paid to repurchase the shares has been deducted from shareholders' equity. The repurchased shares are held as treasury shares.

Share option reserve

Share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

Envictus 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.

19. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

Envictus Employee Share Options Scheme ("ESOS") (Continued)

Information in respect of the share options granted under the ESOS is as follows:-

	2017		2016	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
	'000	S$	'000	S$
Outstanding at 1 October	2,409	1.985	12,173	0.394
Cancelled	(31)	0.164	(130)	0.164
Share consolidation	-		(9,634)	
Outstanding at 30 September	2,378	2.00	2,409	1.985
Exercisable as at 30 September	2,378*	2.00	2,409	1.985

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.

* Unexercised options have lapsed on expiry of the options on 12 October 2017 at 5.00 p.m.

20. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve of the Group and the Company represents foreign exchange differences arising from the translation of the financial statements of foreign operations and the Company whose functional currencies are different from that of the Group's presentation currency. This is non-distributable and the movements in this account are set out in the statements of changes in equity.

21. FAIR VALUE RESERVE

The fair value reserve represents the cumulative change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired. Movements in this reserve are set out in the statements of changes in equity.

22. OTHER RESERVE

The other reserve represents the premium paid for the acquisition of non-controlling interests in subsidiaries. Movements in this reserve are set out in the statements of changes in equity.

23. REVENUE

Revenue represents sale of food and beverages from food services as well as processing and distribution of food, beverages and nutrition products (Note 30).

24. FINANCE COSTS

	Group	
	2017	2016
	RM'000	RM'000
Interest expense		
- Bank overdraft	47	42
- Banker's acceptance	1,138	1,362
- Term loans	1,966	1,356
- Revolving credit	246	18
- Offshore foreign currency loan	170	304
- Finance lease	1,350	1,027
- Others	74	93
	4,991	4,202

25. (LOSS)/PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the financial statements, (loss)/profit before income tax is arrived at after charging/(crediting) the following:-

	Group	
	2017	2016
	RM'000	RM'000
Advertising and promotions	10,960	8,894
Allowance for doubtful receivables	679	449
Amortisation of intangible assets	547	546
Audit fees:		
- Auditor of the Company	229	215
- Other auditors	426	341
Non-audit fees:		
- Other auditors	76	95
Depreciation of:		
- Property, plant and equipment	22,777	15,990
- Investment properties	482	431
Directors' remuneration:		
- Directors of the Company	1,455	1,253
- Directors of the subsidiaries	1,896	1,698
Directors' fee of the Company	991	924
Inventories written off	1,286	173
Operating lease expense		
- Fixed portion	19,260	13,068
- Variable portion	1,821	1,308
Property, plant and equipment written off	685	1,466
Allowance for write down of inventories	1,136	285

25. (LOSS)/PROFIT BEFORE INCOME TAX (CONTINUED)

	Group	
	2017 RM'000	2016 RM'000
Staff costs:		
- Salaries, bonuses and allowances	64,245	48,698
- Employer contributions to defined contribution plans	5,398	3,764
Impairment loss on available-for-sale financial asset (Note 7)	32,870	-
Allowance for doubtful receivables no longer required, now written back	(256)	(435)
Dividend income*	(2,321)	(3,375)
Fair value gain on held-for-trading investments, net*	(3,417)	(217)
Foreign currency exchange gain, net*	(1,936)	(5,697)
Write back of impairment on property, plant and equipment*	-	(13)
Reversal of allowance for write down of inventories	(285)	-
Reversal of overprovision of incidental costs relating to disposal of subsidiaries in prior years*	(2,842)	-
Gain on disposal of:		
- Held-for-trading investments	(298)	(802)
- Property, plant and equipment	(331)	(156)
- Assets held for sale	-	(9,559)
Interest income*	(1,284)	(1,587)
Rental income:*		
- Investment properties	(1,594)	(1,282)
- Others	(75)	(46)

* Included in other operating income.
** Included in other operating expenses.

26. INCOME TAX EXPENSE

	Group	
	2017 RM'000	2016 RM'000
Current tax:		
- Current year	4,015	4,736
- Under/(Over) provision in prior years	4	(1,771)
	4,019	2,965
Deferred tax:		
- Current year	(89)	(44)
- Under/(Over) provision in prior years	171	(865)
	82	(909)
	4,101	2,056

The Group has significant operations in Malaysia, for which the corporate income tax rate applicable is 24% (2016: 24%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

26. INCOME TAX EXPENSE (CONTINUED)

The income tax expense varied from the amount of income tax expense determined by applying the Malaysia income tax rate of 24% (2016: 24%) to (loss)/profit before income tax as a result of the following differences:-

	Group	
	2017 RM'000	2016 RM'000
(Loss)/Profit before income tax	(49,440)	3,512
Income tax calculated at Malaysia statutory tax rate of 24% (2016: 24%)	(11,866)	843
Effect of different tax rates in other countries	1,864	(1,460)
Expenses not deductible for tax purposes	11,336	9,184
Income not subject to tax	(3,629)	(6,928)
Tax incentives	(396)	(233)
Current tax under/(over) provided in prior years	4	(1,771)
Deferred tax under/(over) provided in prior years	171	(865)
Deferred tax assets not recognised	6,715	3,809
Utilisation of deferred tax assets not recognised	(886)	(1,149)
Withholding tax	818	626
Others	(30)	-
	4,101	2,056

27. (LOSS)/EARNINGS PER SHARE

Basic (loss)/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	
	2017	2016
(Loss)/Profit after income tax attributable to owners of the Company (RM'000)	(52,405)	2,863
Weighted average number of ordinary shares in issue during the financial year ('000)	126,143	126,143
Basic (loss)/earnings per share (RM sen)	(41.54)	2.27
Diluted (loss)/earnings per share (RM sen)	(41.54)	2.27

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 shares conversion would be to decrease the loss per share.

In the previous financial year, the basic earnings per share was the same as the diluted earnings per share because the potential ordinary shares for the year was anti-dilutive.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial 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	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
With related parties:				
- Insurance premium paid to a related party*	1,657	1,503	23	20
- Rental of premises paid to a related party*	110	660	-	-
- Purchase of goods from a related party*	940	992	-	-
- Recharge of advertising and promotion fee to a related party*	23	387	-	-
- Purchase of motor vehicles from a related party*	294	-	-	-
- Rental received from a related party*	158	-	-	-
With subsidiaries:				
- Management fees	-	-	(992)	(804)
- Dividend income	-	-	(151,113)	-
- Interest income	-	-	(1,399)	(985)
- Net settlement of liabilities on behalf for/(by) subsidiaries	-	-	5,557	(66,377)
- Advances to subsidiaries	-	-	(51,597)	(31,453)
- Repayment from subsidiaries	-	-	13,564	31,106
- Advances from subsidiaries	-	-	-	4,677

* A related party is a company where the Directors have beneficial interest or significant influence over the entity.

The remuneration of Directors and other members of key management of the Group and of the Company are as follows:-

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term employee benefits	5,933	4,808	2,407	2,123
Post-employment benefits	303	255	39	24
	6,236	5,063	2,446	2,147
Analysed into:				
- Directors of the Company	2,446	2,147	2,446	2,147
- Directors of the subsidiaries	1,896	1,698	-	-
- Other key management personnel	1,894	1,218	-	-
	6,236	5,063	2,446	2,147

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 19 to the financial statements.

29. COMMITMENTS

29.1 Capital commitments

As at the end of the financial year, the Group had the following capital commitments:-

	Group 2017 RM'000	Group 2016 RM'000
Purchase of property, plant and equipment	34,665	82,194

29.2 Operating lease commitments – as lessee

As at the end of the financial year, there were operating lease commitments for rental payable in subsequent accounting periods as follows:-

	Group 2017 RM'000	Group 2016 RM'000
Within one year	18,580	11,942
Two to five years	27,225	12,317
More than five years	5,367	6,281
	51,172	30,540

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 (2016: 1 to 10 years) with an option to renew at the prevailing market rates. Apart from the above lease commitment, the Group is required to pay contingent rentals based on percentage of sales derived from the operations at the rented premises.

29.3 Operating lease commitments – as lessor

As at the end of the financial year, there were non-cancellable operating lease commitments for rental receivable for premises in subsequent accounting periods as follows:-

	Group 2017 RM'000	Group 2016 RM'000
Within one year	1,580	1,407
Two to three years	366	1,759
	1,946	3,166

The above lease agreements expire within 1 to 2 years expiring in October 2018 and December 2018 (2016: 3 years expiring in December 2018). The current rent receivables under the leases are subject to revision after expiry with no provisions for contingent rent.

Upon expiry of the lease term, the lessee is granted an option to renew the tenancy for two years subject to compliance and observation of all the terms and conditions in the tenancy agreements.

30. 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.

The Group's businesses segments are as follows:-

(a) Trading and Frozen Food Division – wholesalers of foodstuff, provisions and frozen meat;
(b) Food Services Division – Texas Chicken, San Francisco Coffee and Delicious Restaurants;
(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.

Intersegment sales

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation. Inter-segment pricing is determined on an arm's length basis.

30. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

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

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

* Included in unallocated segment assets is cash and bank balances, held-for-trading investments, property, plant and equipment and investment properties of the Company and certain subsidiaries amounting to RM21,245,000, RM23,413,000, RM25,216,000 and RM23,846,000 (2016: RM20,206,000, RM57,278,000, RM23,428,000 and RM23,702,000), respectively which are not attributable to the reporting segments.

@ Included in unallocated segment liabilities is bank borrowings of the Company and certain subsidiaries amounting to RM8,746,000 and RM33,710,000 (2016: RM3,919,000 and RM31,361,000), respectively which are not attributable to the respective reporting segments.

30. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Trading and Frozen Food RM'000	Food Services RM'000	Nutrition RM'000	Food Processing RM'000	Unallocated RM'000	Total RM'000
2016						
Revenue						
Total revenue	176,028	80,647	37,522	85,213	7,547	386,957
Intersegment revenue#	(5,451)	-	(1,174)	(10,111)	(7,547)	(24,283)
Revenue from external customers	170,577	80,647	36,348	75,102	-	362,674
Results (Restated)						
Segment results#	11,948	(7,334)	374	(8,082)	9,221^	6,127
Interest income	363	51	-	62	1,111	1,587
Finance costs	(1,429)	(911)	-	(497)	(1,365)	(4,202)
Profit/(Loss) before income tax	10,882	(8,194)	374	(8,517)	8,967	3,512
Income tax	(2,599)	-	14	(747)	1,276	(2,056)
Profit/(Loss) after tax	8,283	(8,194)	388	(9,264)	10,243	1,456
Segment assets	117,565	57,527	22,161	132,202	158,295*	487,750
Segment liabilities	42,478	28,106	4,970	28,478	41,519@	145,551
Other information						
Capital expenditure	5,193	22,322	664	62,093	47,433	137,705
Depreciation and amortisation	2,368	6,409	2,313	4,548	1,329	16,967
Allowance for doubtful receivables	382	-	-	67	-	449
Property, plant and equipment written off	41	1,423	-	2	-	1,466
Write back of impairment on property, plant and equipment	-	-	-	(13)	-	(13)

^ Segment results from unallocated segment comprise mainly gain on disposal of assets held for sale during the financial year ended 30 September 2016.

Comparative figures for segment revenue and results have been restated to better reflect the performance of the operating segments and to include inter-segment revenue.

30. SEGMENT INFORMATION (CONTINUED)

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 and deferred tax assets. Segment non-current assets are shown by geographical area in which the assets are located.

	Malaysia RM'000	China RM'000	Asean (excluding Malaysia)* RM'000	New Zealand RM'000	Australia RM'000	Others* RM'000	Total RM'000
2017							
Revenue							
External revenue	346,894	4,518	956	45,832	9,318	2,813	410,331
Segment non-current assets	293,107	-	-	24,169	-	-	317,276
2016							
Revenue							
External revenue	304,495	6,465	937	31,176	18,589	1,012	362,674
Segment non-current assets	224,607	-	-	25,692	-	-	250,299

* Comprise countries with individually insignificant revenue and assets

31. FINANCIAL INSTRUMENTS, 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.

31.1 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.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.1 Credit risk (Continued)

The age analysis of trade receivables that are past due are as follows:-

	Gross receivables 2017 RM'000	Impaired 2017 RM'000	Gross receivables 2016 RM'000	Impaired 2016 RM'000
Group				
Past due 1 day to 3 months	15,582	-	18,820	-
Past due over 3 to 6 months	2,123	-	1,769	-
Past due over 6 to 12 months	-	-	1,420	-
Past due over 12 months	90	1,571	12	4,746
	17,795	1,571	22,021	4,746

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 balances and fixed deposits are mainly deposits with financial institutions with high credit-ratings assigned by international credit rating agencies.

The Company does not have significant exposure to credit risks except for amounts due from subsidiaries as disclosed in Note 11.

31.2 Foreign currency risk

The Group operates and trades in several countries predominantly in Singapore, China, Malaysia, New Zealand, Indonesia and Australia. Currency risk arises within entities in the Group when transactions are denominated in foreign currencies.

Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level, as the Group manages its transactional exposure by matching, as far as possible, receipts and payments in each individual currency.

In relation to the Group's overseas investments in foreign operations where net assets are exposed to currency translation risks, they are not hedged as currency positions in these foreign currencies are considered to be long-term in nature. Differences arising from such translation are recorded under the foreign currency translation reserves.

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 Ringgit Malaysia ("MYR"), United States dollar ("USD"), Singapore dollar ("SGD"), New Zealand dollar ("NZD"), Australian dollar ("AUD"), Hong Kong dollar ("HKD") and Indonesian rupiah ("IDR").

The currencies that give rise to this risk of the Company are primarily Ringgit Malaysia ("MYR"), United States dollar ("USD"), New Zealand dollar ("NZD"), Australian dollar ("AUD"), Singapore dollar ("SGD") and Hong Kong dollar ("HKD").

The Group and the Company have not entered into any currency forward exchange contracts as at the end of the financial year.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.2 Foreign currency risk (Continued)

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	IDR RM'000
Group							
2017							
Total financial assets	70,961	6,223	13,378	7,760	5,357	2,765	14,960
Total financial liabilities	(165,441)	(457)	(10,377)	(6,460)	(1,806)	-	(40)
Net financial assets/(liabilities)	(94,480)	5,766	3,001	1,300	3,551	2,765	14,920
Less:							
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(270,665)	1,121	35,085	(55,701)	-	-	14,909
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	176,185	4,645	(32,084)	57,001	3,551	2,765	11
2016							
Total financial assets	82,311	34,214	38,101	6,084	5,356	3,779	14,429
Total financial liabilities	(120,776)	(1,217)	(8,121)	(9,555)	(1,396)	-	(13)
Net financial assets/(liabilities)	(38,465)	32,997	29,980	(3,471)	3,960	3,779	14,416
Less:							
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(218,885)	(35,234)	69,255	(47,827)	-	-	13,937
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	180,420	68,231	(39,275)	44,356	3,960	3,779	479

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.2 Foreign currency risk (Continued)

	MYR RM'000	USD RM'000	NZD RM'000	AUD RM'000	HKD RM'000	Euro RM'000
Company						
2017						
Total financial assets	181,885	35,968	40,466	3,930	2,765	-
Total financial liabilities	(3,537)	-	-	-	-	-
Net currency exposure of financial assets	178,348	35,968	40,466	3,930	2,765	-
2016						
Total financial assets	188,484	63,344	31,280	3,406	3,779	2,005
Total financial liabilities	(1,538)	(146,695)	(1,437)	-	-	-
Net currency exposure of financial assets/(liabilities)	186,946	(83,351)	29,843	3,406	3,779	2,005

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.2 Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% (2016: 10%) change in MYR, USD, SGD, NZD, AUD and HKD against the Group entities' respective functional currency. The Company's sensitivity to a 10% (2016: 10%) change in MYR, USD, NZD, AUD and HKD against the Company's functional currency (SGD). The sensitivity analysis assumes an instantaneous 10% (2016: 10%) 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.

	Increase/(Decrease) Group Profit or Loss	
	2017	**2016**
	RM'000	**RM'000**
SGD		
Strengthened against MYR	(3,208)	(3,928)
Weakened against MYR	3,208	3,928
USD		
Strengthened against MYR	464	6,823
Weakened against MYR	(464)	(6,823)
NZD		
Strengthened against MYR	5,700	4,436
Weakened against MYR	(5,700)	(4,436)
AUD		
Strengthened against MYR	355	396
Weakened against MYR	(355)	(396)
HKD		
Strengthened against MYR	277	378
Weakened against MYR	(277)	(378)

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.2 Foreign currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease) Company Profit or Loss	
	2017	2016
	RM'000	RM'000
MYR		
Strengthened against SGD	17,835	18,695
Weakened against SGD	(17,835)	(18,695)
USD		
Strengthened against SGD	3,597	(8,335)
Weakened against SGD	(3,597)	8,335
NZD		
Strengthened against SGD	4,047	2,984
Weakened against SGD	(4,047)	(2,984)
AUD		
Strengthened against SGD	393	341
Weakened against SGD	(393)	(341)
HKD		
Strengthened against SGD	277	378
Weakened against SGD	(277)	(378)

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.

31.3 Interest rate risk

The Group's exposure to market risks for changes in interest rates relates primarily to bank borrowings and fixed deposits (2016: bank borrowings and fixed deposits) 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 and fixed deposits 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 100 basis point (2016: 100 basis point) change in the interest rates from the end of the financial year, with all variables held constant.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.3 Interest rate risk (Continued)

If the interest rates increased by 100 basis point (2016: 100 basis point), profit before tax of the Group will increase/(decrease) by:-

	Increase/(Decrease) Group Profit or Loss before tax	
	2017	**2016**
	RM'000	**RM'000**
Fixed deposits	142	138
Bank borrowings	(1,152)	(749)

A 100 basis point (2016: 100 basis point) decrease in the interest rates would have an equal but opposite effect to the Group.

The Company had on 17 October 2017, settled all its outstanding revolving credit balance as disclosed in Note 7 to the financial statements. Accordingly, the Company does not have any significant exposure to the financial risk arising from changes in interest rate risk. Therefore, no sensitivity analysis is disclosed.

31.4 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.

	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
Group						
2017						
Bank borrowings	3.10 – 7.65	47,921	13,106	36,405	36,466	133,898
Finance lease payables	2.50 – 5.77	8,485	7,394	10,455	-	26,334
Trade and other payables	-	47,275	-	-	-	47,275
		103,681	20,500	46,860	36,466	207,507
2016						
Bank borrowings	3.20 – 7.65	51,934	8,978	15,027	7,758	83,697
Finance lease payables	2.32 – 5.81	6,741	6,209	10,185	-	23,135
Trade and other payables	-	45,680	-	-	-	45,680
		104,355	15,187	25,212	7,758	152,512

The repayment terms of the bank borrowings and finance leases are disclosed in Notes 15 and 16 to the financial statements.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.4 Liquidity risk (Continued)

	Effective interest rate %	Less than 1 year RM'000
Company		
2017		
Bank borrowing	3.10 – 3.35	9,028
Trade and other payables	-	1,518
		10,546
2016		
Bank borrowing	3.20 – 3.25	4,046
Trade and other payables	-	148,214
		152,260

As at 30 September 2017, the Company provided financial guarantees to the banks for borrowings of certain subsidiaries which amounted to RM100,895,000 (2016: RM26,614,000). These borrowings represent the maximum amount that the guarantees could be called within one financial year should the subsidiaries default on repayment.

31.5 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 date of the reporting period.

The sensitivity analysis assumes an instantaneous 1% (2016: 3%) change in the equity prices from the reporting date, with all variables held constant.

	Increase/(Decrease)							
	Group		Company		Group		Company	
	Profit or Loss				Equity			
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Available-for-sale financial assets*	-	-	-	-	-	511	-	505
Held-for-trading investments	234	1,718	234	1,718	-	-	-	-

* No sensitivity analysis was performed for available-for-sale financial assets for the current financial year due to the following:-

a) There is no reasonable basis to determine the sensitivity rate due to the trading suspension of the quoted securities of Yamada on the SGX-ST as detailed in Note 7 to the financial statements; and

b) The exposure to equity price risks for the other quoted equity security is insignificant.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.6 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 non-current bank borrowings approximate their fair values due to floating rates or frequent repricing. The fair value of financial guarantees in the consolidated financial statements have been disclosed in Note 17.

(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 trusts and funds (Level 2): The fair value of the unit trusts and funds are based on net asset values of the underlying investments.

(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.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.6 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				
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Carrying amount
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017										
Group										
Financial assets										
- Available-for-sale financial assets	7	242	-	-	242	-	-	-	-	242
- Held-for-trading investments	12	12,403	11,010	-	23,413	-	-	-	-	23,413
Financial liabilities										
- Finance lease payables	16	-	-	-	-	-	22,313	-	22,313	23,854
Company										
Financial assets										
- Held-for-trading investments	12	12,403	11,010	-	23,413	-	-	-	-	23,413

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.6 Fair values of financial assets and financial liabilities (Continued)

Determination of fair value (continued)

	Note	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
2016										
Group										
Financial assets										
- Available-for-sale financial assets	7	17,041	-	-	17,041	-	-	-	-	17,041
- Held-for-trading investments	12	36,716	20,562	-	57,278	-	-	-	-	57,278
Financial liabilities										
- Finance lease payables	16	-	-	-	-	-	19,367	-	19,367	20,721
Company										
Financial assets										
- Available-for-sale financial assets	7	16,829	-	-	16,829	-	-	-	-	16,829
- Held-for-trading investments	12	36,716	20,562	-	57,278	-	-	-	-	57,278

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.7 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:-

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets				
Financial assets at fair value through profit or loss				
Held-for-trading investments	23,413	57,278	23,413	57,278
Loan and receivables				
Trade and other receivables*	47,860	49,271	279,496	290,657
Fixed deposits	14,225	13,821	-	-
Cash and bank balances	35,664	45,561	5,175	4,633
Total loan and receivables	97,749	108,653	284,671	295,290
Available-for-sale financial assets	242	17,041	-	16,829
Total financial assets	121,404	182,972	308,084	369,397

* Excludes GST receivables, prepayments and advances to suppliers.

Financial liabilities				
Trade and other payables**	47,275	45,680	1,518	148,214
Bank borrowings	115,218	74,934	8,746	3,919
Finance lease payables	23,854	20,721	-	-
Financial guarantee contracts	-	-	3,522	1,606
Total financial liabilities carried at amortised cost	186,347	141,335	13,786	153,739

** Excludes GST payables and provision for employee benefits.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.8 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 carrying amounts RM'000	Gross amounts offset in the statement of financial position RM'000	Net amounts in the statement of financial position RM'000
Company			
As at 30 September 2017			
Trade and other receivables	296,047	(16,506)	279,541
Trade and other payables	(18,024)	16,506	(1,518)
As at 30 September 2016			
Trade and other receivables	346,430	(55,743)	290,687
Trade and other payables	(203,957)	55,743	(148,214)

31.9 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 2017 and 2016.

32. EVENTS SUBSEQUENT TO THE REPORTING DATE

(i) On 25 October 2017, Envictus Food Services Sdn Bhd ("EFSSB"), a wholly-owned subsidiary of the Company subscribed for 35,000,000 new ordinary shares of RM1.00 each in the share capital of Texas Chicken (Malaysia) Sdn Bhd ("TCMSB"), the consideration was settled by way of capitalisation of the loan amount of RM35,000,000 owing by TCMSB to EFSSB.

(ii) On 25 October 2017, Lydarahim Ventures Sdn Bhd ("LVSB"), a wholly-owned subsidiary of Envictus Food Services Sdn Bhd, which is a wholly-owned subsidiary of the Company, subscribed for 20,000,000 new ordinary shares of RM1.30 each in the share capital of San Francisco Coffee Sdn Bhd ("SFCSB"), the consideration was settled by way of capitalisation of the loan amount of RM26,000,000 owing by SFCSB to LVSB.

32. EVENTS SUBSEQUENT TO THE REPORTING DATE (CONTINUED)

(iii) On 30 October 2017, De-Luxe Food Services Sdn Bhd, a wholly-owned subsidiary of Envictus Foods (M) Sdn Bhd, which is a wholly owned subsidiary of the Company, has entered into a conditional sale and purchase agreement with Marco Flagship Sdn Bhd and Ng Wong Moh Tian @ Wong Moh Tian to sell 100% equity interest in Family Bakery Sdn Bhd and Daily Fresh Bakery Sdn Bhd with intellectual property rights of the "Family" and "Daily Fresh" brands for a cash consideration of RM1,500,000 which is estimated to result in a gain on disposal of approximately RM1,523,000.

(iv) On 15 November 2017, Polygold Holdings Sdn Bhd, a wholly owned subsidiary of the Company, has entered into a conditional share sale agreement with Khor Sin Kok and Khor Guat Bee ("Vendors") for the acquisition of 100% equity interest or 14,757,000 shares in Motivage Sdn Bhd. The consideration for the proposed acquisition is RM24,000,000, of which RM5,000,000 will be satisfied by way of cash and the remaining RM19,000,000 will be satisfied by the allotment and issuance of the aggregate of 15,775,210 shares in the capital of the Company to the vendors. The proposed acquisition is subject to the approval by the shareholders at the EGM of Company.

(v) On 20 November 2017, Envictus Foods (M) Sdn Bhd ("EFMSB"), a wholly-owned subsidiary of the Company has subscribed for 100,000,000 new ordinary shares of RM0.50 each in the share capital of De-Luxe Food Services Sdn Bhd ("DFSSB"), the consideration was settled by way of capitalisation of the loan amount of RM50,000,000 owing by DFSSB to EFMSB.

(vi) On 20 November 2017, Polygold Holdings Sdn Bhd ("PHSB"), a wholly-owned subsidiary of the Company has subscribed for 99,998 new ordinary shares of RM1.00 each in the share capital of Envictus Dairies Marketing Sdn Bhd ("EDMSB"), the consideration was settled by way of capitalisation of the loan amount of RM99,998 owing by EDMSB to PHSB.

33. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 September 2017 were authorised for issue by the Board of Directors of the Company on 8 December 2017.

STATISTICS OF SHAREHOLDINGS

AS AT 8 DECEMBER 2017

Issued and fully paid-up capital	:	S$46,710,654.955
Number of ordinary shares in issue	:	126,385,289
Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Number of Treasury Shares held	:	242,000
Number of ordinary shares excluding Treasury Shares	:	126,143,289
Percentage of Treasury Shares	:	0.192%[1]

Note:-

[1] Calculated based on 126,143,289 voting shares as at 8 December 2017.

VOTING RIGHTS

Shareholder's voting rights are set out in Article 65 of the Company's Constitution.

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 36% of the issued ordinary shares of the Company are held in the hands of the public as at 8 December 2017 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	16	1.37	716	0.00
100 – 1,000	194	16.62	123,654	0.10
1,001 – 10,000	622	53.30	2,840,320	2.25
10,001 – 1,000,000	319	27.34	22,418,068	17.77
1,000,001 and above	16	1.37	100,760,531	79.88
TOTAL	1,167	100.00	126,143,289	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	TEE YIH JIA FOOD MANUFACTURING PTE LTD	15,400,000	12.21
2.	KAMAL Y P TAN	11,620,214	9.21
3.	CHENG CHIH KWONG @ THIE TJI KOANG	11,606,664	9.20
4.	JAYA J B TAN	10,907,472	8.65
5.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	10,756,388	8.53
6.	PHILLIP SECURITIES PTE LTD	7,522,269	5.96
7.	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	6,100,000	4.84
8.	KWONG YUEN SENG	5,071,444	4.02
9.	DB NOMINEES (SINGAPORE) PTE LTD	4,581,600	3.63
10.	OCBC SECURITIES PRIVATE LIMITED	4,206,560	3.33
11.	DBS NOMINEES (PRIVATE) LIMITED	3,288,500	2.61
12.	CITIBANK NOMINEES SINGAPORE PTE LTD	2,646,400	2.10
13.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,424,700	1.92
14.	UOB KAY HIAN PRIVATE LIMITED	2,252,120	1.79
15.	PHANG MAH THIANG	1,318,200	1.05
16.	YAP BENG WEI	1,058,000	0.84
17.	SOME YEW PEW	958,400	0.76
18.	HEW MARGARET WYE YOONG OR HEW LEONARD YOKE LEONG	900,000	0.71
19.	MAYBANK KIM ENG SECURITIES PTE. LTD.	752,265	0.60
20.	RHB SECURITIES SINGAPORE PTE. LTD.	734,400	0.58
	TOTAL	**104,105,596**	**82.54**

SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Substantial Shareholders)

	Name	Direct Interest	%	Deemed interest	%	Total Interest	%
[1][2]	Dato' Jaya J B Tan	19,757,472	15.66	20,190,214	16.00	39,947,686	31.66
[1][2]	Dato' Kamal Y P Tan	19,700,214	15.61	20,247,472	16.05	39,947,686	31.66
	Tee Yih Jia Food Manufacturing Pte Ltd	15,590,700	12.36	-	-	15,590,700	12.36
[3]	Datuk Sam Goi Seng Hui	-	-	15,590,700	12.36	15,590,700	12.36
	Cheng Chih Kwong @ Thie Tji Koang	11,606,664	9.20	-	-	11,606,664	9.20

[1] Deemed interested in each others shares through the shares held by Dato' Jaya, Dato' Kamal and spouse.
[2] Direct interest includes shares held through nominees.
[3] 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 Tuesday, 30 January 2018 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement, Audited Financial Statements and Auditors' Report for the year ended 30 September 2017 and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to the Company's Constitution and who, being eligible, offer themselves for re-election:-

   (i) Teo Chee Seng (Article 91) **(Resolution 2)**

   (ii) Datuk Goi Seng Hui (Article 91) **(Resolution 3)**

   Note:-
   Mr Teo will, upon re-election as a Director of the Company, remain as a Chairman of the Nominating and Remuneration Committees and member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST).

3. To approve the payment of Directors' fees of S$308,000 for the financial year ended 30 September 2017 (FY2016: S$308,000). **(Resolution 4)**

4. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. 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 and Special Resolution, with or without modifications:-

6. ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES **(Resolution 6)**

"THAT pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore 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

(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 Constitution 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)]

7. ORDINARY RESOLUTION - AUTHORITY TO GRANT OPTIONS AND ISSUE SHARES **(Resolution 7)**

"THAT pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore, 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)]

8. SPECIAL RESOLUTION – THE PROPOSED ADOPTION OF NEW CONSTITUTION **(Resolution 8)**

"THAT the regulations contained in the new Constitution submitted to this Meeting and, for purpose of identification, as set out in the Appendix to the Annual Report to Shareholders dated 5 January 2018 (the "Appendix"), be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution." [See Explanatory Note (c)]

BY ORDER OF THE BOARD

S Surenthiraraj @ S Suressh
Kok Mor Keat
Company Secretaries

Singapore
5 January 2018

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.

(c) Special Resolution 8, if passed, is to adopt a new Constitution in substitution for, and replacement of, the Company's existing Constitution following the wide-ranging changes to the Companies Act, Cap. 50 of Singapore introduced pursuant to the Companies (Amendment) Act 2014 and other updates to the regulatory framework. Please refer to the Appendix for more details.

NOTES:-

1. A member (other than a Relevant Intermediary (as defined below)) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the Share Registrar's Office 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.

3. Any member who is a Relevant Intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   A "Relevant Intermediary" is:-
   (a) a banking corporation licensed under the Banking Act, Cap. 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore and who holds shares in that capacity; or
   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. Where a member appoints more than one proxy, 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.

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.

ENVICTUS INTERNATIONAL HOLDINGS LIMITED
Company Registration No: 200313131Z
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

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 Tuesday, 30 January 2018 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:-	No. of Votes For	No. of Votes Against
1	Adoption of Directors' Statement, Audited Financial Statements and Auditors' Report for the year ended 30 September 2017.		
2	Re-election of Mr Teo Chee Seng as Director.		
3	Re-election of Datuk Sam Goi Seng Hui as Director.		
4	Approval of payment of Directors' fees.		
5	Re-appointment of Messrs BDO LLP as auditors and to authorise the 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 Adoption of New Constitution		

Note:
1. 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.
2. Please note that the short descriptions given above of the resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM dated 5 January 2018 for the full purpose and intent of the resolutions to be passed.

Dated this ___________ day of _________________ 2018.

Total Number of Shares held	
CDP Register	
Register of Members	

____
Signature(s) of Member(s) or,
Common Seal of Corporate Shareholder

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 81SF of the Securities and Futures Act, Cap. 289 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 (other than a Relevant Intermediary (as defined below)) is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead at the Annual General Meeting but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Such proxy need not be a member of the Company.

3. Any member who is a Relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting.

   A "Relevant Intermediary" is:-

   (a) a banking corporation licensed under the Banking Act, Cap. 19 of Singapore or a wholly-owned subsidiary of such a banking corporation. Whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore and who holds shares in that capacity; or
   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. Where a member appoints more than one proxy, 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.

5. The instrument appointing a proxy or proxies must be deposited at the Share Registrar's office 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. If a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointment of the proxy should be revoked.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of 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 common seal or under the hand of an officer or attorney duly authorised.

7. Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter of power of attorney 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.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

General:-

The Company shall be entitled to reject the 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 Shares 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 seventy-two (72) 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.

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ENVICTUS INTERNATIONAL HOLDINGS LIMITED

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