ENVICTUS

LEVERAGING

ON OUR RICH HERITAGE

ENVICTUS INTERNATIONAL HOLDINGS LIMITED
ANNUAL REPORT 2014

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CORPORATE PROFILE

Listed on SGX Catalist (previously known as the SGX-SESDAQ) on 23 December 2004 and upgraded to the Mainboard on 18 June 2009, Envictus International Holdings Limited ("Envictus" or "the Group"), formerly known as Etika International Holdings Limited, 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 property to Asahi Group Holdings Southeast Asia Pte. Ltd. In addition, the Noodles business segment under its Others Division ceased operations on 19 September 2014 due to the competitive pressures and high cost environment in Indonesia. This initiative is also consistent with the Group's strategy to align its focus and efforts on its existing core businesses.

Following the completion of the disposal, the Group's corporate identity, including its subsidiaries, has been changed from "Etika" to "Envictus". This not only better reflects the Group's new beginnings ahead, but "Envictus" also signifies "enhanced good food", crystallising its commitment to delivering quality F&B products to loyal consumers around the region.

In addition, to better reflect Envictus' business activities, starting FY2015, the Group's new divisions will now comprise of Trading and Frozen Food, Food Services (Texas Chicken), Nutrition and Food Processing, comprising of the business segments of bakery, butchery, beverages and contract packing for dairy and juice-based drinks.

The Group's operating facilities are located in Malaysia and New Zealand. Apart from Malaysia, the Group's products can be found in China, Japan, Taiwan, Thailand, Singapore, India, Sri Lanka, Indonesia, Cambodia, Brunei, Ghana, Papua New Guinea, Pacific Islands, Australia and New Zealand. The Group's products are traded under various brand names like Gourmessa, Polygold, Hearty Bake, Family, Daily Fresh, Horleys, Sculpt, Replace, Pro-Fit, Air Champ and Power Champ.

Helmed by an experienced management team whom are industry veterans, possessing 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 market to further enhance its strong brand names.

TRADING & FROZEN FOOD DIVISION

With over 50 years of track record, Pok Brothers Sdn Bhd ("Pok Brothers") is today a household name and one of Malaysia's leading frozen food and premium food wholesaler. Pok Brothers started as a general store business in Petaling Jaya in 1963 and from this humble beginning, it has successfully transformed itself into one of the leading frozen food companies in Malaysia. As a premium food wholesaler, Pok Brothers imports and distributes food products, both in raw and processed form, with particular emphasis on servicing the hospitality and consumer-based food industry. Its products include frozen/chilled beef and lamb cut, dairy products, seafood, condiments, vegetables, bakery products and cold cuts among many others. Its major clients include major 5-star hotels, airlines, cruise ships, hyper/supermarkets, bakeries, butcheries, fast-food chains, grocery stores, food processors and other wholesalers. Pok Brothers is 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 and Meru, Klang, in Selangor and has branches in Penang, Johor, Pahang and Langkawi to cover the length and breadth of Peninsular Malaysia, all with coldroom facilities. Pok Brothers currently has 2 sub-divisions:

- Frozen Food trading
- Butchery and Bakery business under De-luxe Food Services Sdn Bhd ("DFS")

DFS' bakery division, located in Meru, Klang, manufactures speciality European bread for supply to hotels, restaurants, cafes and supermarkets as well as Subway Malaysia. Its butchery division, 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 the country.

In addition to the frozen bakery range, the Group also produces and distributes fresh breads and buns through the Family Group consisting of Family Bakery Sdn Bhd and Daily Fresh Bakery Sdn Bhd.

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

NUTRITION DIVISION

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

NNL became a "virtual" company in 2002 in order to enable its management to focus its efforts on key areas of marketing and product development. As such, this marketing company outsources many of its key functions including manufacturing, distribution and selling to third party providers, both in New Zealand and Australia. This lean business model, akin to popular sports apparel brands, has provided NNL with the needed flexibility and speed in delivering high quality products to its customers, while focusing and leveraging on its key competency in product development, advertising and promotion and customer service. This model has reduced the need for substantial resources, both financial and non-financial, otherwise required for setting up of processing and production centres.

By concentrating on its core competencies, NNL has been able to significantly shorten the time required for product development, from concept to market. This ability is considered an edge over its competitors. In New Zealand, NNL's products are primarily distributed through the route channels (gyms, health food shops, specialty stores and specialty nutrition shops) and retail channels (supermarkets, oil and convenience retail outlets) whilst its Australian sales are made predominantly through the route channels.

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

The plant currently produces UHT milk for the Taiwan market, flavoured milk for Australasia, pet milk for Japan and fruit juice for local and Asian markets. It has also developed and launched its ready-to-drink sports nutrition beverage including isotonic drinks, protein drinks, weight loss water and pre-workout drinks.

Further, NNL is developing a new range of bar and powder based products in order to meet growing consumer demand as well as to retain and extend its leading position in the Australian and New Zealand markets.

OTHERS DIVISION

RESTAURANT

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 will expand Envictus' portfolio as well as enable the Group to tap on the synergistic opportunities of its existing trading and frozen food and beverage division. In addition, this downstream expansion is part of Envictus Group's growth strategy to increase the presence of Envictus Group's identity and brand in key markets such as Malaysia and in neighbouring countries in Asia.

"Texas Chicken" is set apart from competition given the great 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 Malaysia restaurants 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 with an exclusive technique for a juicy and crunchy bite. In addition, Texas Chicken's signature 8-piece cut ensure that customers enjoy bigger chicken portions at greater value.

Since the opening of the first flagship outlet at Aeon Bukit Tinggi Shopping Centre, located in Bandar Bukit Tinggi township, Klang on 31 January 2013, Envictus has leveraged on the robust demand for the "Texas Chicken" restaurant concept by growing its presence at a good pace to reach a total of 14 outlets, largely within the Klang Valley area in Malaysia. Out of the present 14 outlets in total, 6 new "Texas Chicken" restaurants were opened during the financial year while 2 restaurants were opened subsequent to the financial year end.

TEXAS CHICKEN OUTLETS OPENED

as at 5 December 2014

2013		
1.	Aeon Bukit Tinggi Shopping Centre	31 Jan
2.	Sri Gombak, Batu Caves	1 Mar
3.	Jalan Sultan Ismail, Golden Triangle	2 May
4.	Sunway Pyramid Shopping Mall, Subang Jaya	12 Jul
5.	The Mines Shopping Mall, Seri Kembangan	19 Jul
6.	Empire Damansara	20 Sep
7.	Kajang	12 Dec

2014		
1.	Klang Parade, Klang	14 Mar
2.	KLIA 2, Sepang	3 May
3.	The Main Place, Subang Jaya	26 May
4.	Jaya Shopping Centre, Petaling Jaya	26 Jun
5.	Tesco Extra Cheras, Kuala Lumpur	17 Jul
6.	Mid Valley Megamall	29 Oct
7.	IOI City Mall, Putrajaya	20 Nov

BEVERAGE

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

The Group successfully produced the 325ml PET bottle carbonated drink in June 2014 specially designed to suit the China market and has begun introducing it to the market.

CORPORATE MILESTONE

YEAR	MONTH	MAJOR DEVELOPMENTS
1997	JAN	Clarity Valley Sdn Bhd was used as a joint venture ("JV") vehicle between the Tan Brothers (Motif Etika Sdn Bhd) and Messrs Mah Weng Choong, Khor Sin Kok and others (Jasnida Sdn Bhd) to engage in the manufacturing and distribution of milk products in Malaysia. Subsequently, Clarity Valley Sdn Bhd changed its name to Etika Dairies Sdn Bhd.
1999	FEB	Etika Dairies Sdn Bhd completed installation of its maiden modern and fully automated sweetened condensed milk production line in our production factory in Meru, Klang, Selangor, Malaysia.
	MAR	Commercial launch of sweetened condensed milk under the Dairy Champ brand throughout Malaysia.
	DEC	Commencement of export of sweetened condensed milk to Malawi.
2003	DEC	Etika International Holdings Limited (EIHL) was incorporated in Singapore on 23 December 2003 as a private limited company.
2004	NOV	Pursuant to a Restructuring Exercise, EIHL became the holding company of Etika Dairies Sdn Bhd on 8 November 2004.
	DEC	EIHL was converted into a public limited company on 10 December 2004. Subsequently, it was listed on SGX-SESDAQ (now known as SGX Catalist) on 23 December 2004.
2006	FEB	1st acquisition pursuant to our listing, we acquired Pok Brothers Group, one of Malaysia's leading frozen food and premium food wholesaler, on 8 February 2006 vide our wholly-owned subsidiary, Etika Foods (M) Sdn Bhd for a consideration of approximately RM21.5 million.
2007	JAN	The Group proposed a renounceable non-underwritten rights issue of up to 68,652,060 new ordinary shares in the capital of the company at an issue price of S$0.095 for each rights share with up to 17,163,016 free detachable warrants.
	FEB	Completed acquisition of Naturalac Nutrition Limited ("NNL") based in New Zealand vide our wholly-owned subsidiary Etika (NZ) Limited on 8 February 2007 for a consideration of NZ$7.8 million.
	APRIL	Completed acquisition of 65.04% equity interest in General Packaging Sdn Bhd ("GPSB") (formerly known as M.C. Packaging (M) Sdn Bhd) on 25 April 2007 vide our wholly-owned subsidiary, Etika Industries Holdings Sdn Bhd for a consideration of RM7.8 million.
	MAY	The Group completed the take-over of an ongoing consumer distribution business involved in chilled and dry-ambient consumer products on 1 May 2007. This business was housed under Pok Brothers Group to complement our Trading and Frozen Food Division.
		On 10 May 2007, we completed the renounceable non-underwritten rights issue (proposed in January 2007) which resulted in issuance of 17,162,931 free detachable warrants and net proceeds of S$6.34 million.
	JULY	Completed acquisition of a canned beverage manufacturing plant by Etika Beverages Sdn Bhd ("EBSB") on 3 July 2007 for a consideration of RM3.8 million.
	OCT	Increased equity holding in GPSB from 65.04% to 99.04% for purchase consideration of approximately RM6.7 million on 31 October 2007.

YEAR	MONTH	MAJOR DEVELOPMENTS
2009	MAR	Entered JV in New Zealand vide Etika Dairies NZ Limited ("EDNZ"), our newly incorporated subsidiary in New Zealand for an initial stake of 50.7% on 18 March 2009, which was later increased to 60.7% in December 2009.
	JUNE	Upgraded to SGX Mainboard on 18 June 2009.
	JULY	Entered into a conditional Sale and Purchase Agreement for proposed acquisition of 100% equity interest in Tan Viet Xuan Joint Stock Company ("TVX") on 24 July 2009 for an estimated purchase consideration of US$8.45 million.
	SEPT	Completed acquisition of wholly-owned subsidiary in Indonesia, PT Vixon Indonesia on 30 September 2009. PT Vixon Indonesia serves as the main distributor of Etika Group's products - in particular Dairy Champ in Indonesia.
2010	APRIL	Completed the acquisition of 100% equity interest in TVX on 9 April 2010 for approximately US$9.0 million.
	MAY	Signed syndicated financing facilities of RM368 million with a consortium of three leading Malaysian financial institution groups on 4 May 2010.
	JUNE	Entered into a conditional Sale and Purchase Agreement for the proposed acquisition of 100% equity interest in Family Bakery Sdn Bhd, Daily Fresh Bakery Sdn Bhd and Hot Bun Food Industries Sdn Bhd ("Family Group") on 4 June 2010 for a cash consideration of RM18.68 million.
	JULY	Entered into a conditional Sale and Purchase Agreement for the proposed acquisition of 100% equity interest in PT Sentrafood Indonusa ("PTSF") and PT Sentraboga Intiselera ("PTSB"), an Indonesian instant noodle manufacturer and distributor on 5 July 2010 for an aggregate consideration of approximately IDR19.1 billion.
		Entered into a conditional Sale and Purchase Agreement for the proposed acquisition of 100% equity interest in Susu Lembu Asli (Johore) Sdn Bhd ("SLAJ") and Susu Lembu Asli Marketing Sdn Bhd ("SLAM"), collectively known as "Susu Lembu Group" on 19 July 2010 for a cash consideration of RM89.5 million.
	OCT	Completed the acquisition of 100% equity interest in Family Group on 1 October 2010. Etika ventures into the manufacturing and distribution of fresh baked breads and buns.
		Completed the acquisition of 70% equity interest in PTSF and PTSB on 6 October 2010, for an aggregate consideration of approximately IDR24.2 billion, marking the Group's entry into the huge instant noodles industry.
		Allotment and issuance of 267,290,764 Bonus Shares on 12 October 2010.
2011	JAN	Completed the acquisition of 100% equity interest in Susu Lembu Group on 4 January 2011.
	JULY	Completed the acquisition of balance 30% equity interest in PTSF and PTSB on 4 July 2011.

CORPORATE MILESTONE

YEAR	MONTH	MAJOR DEVELOPMENTS
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.
	DEC	Entered into a Subscription Agreement on 6 December 2012 with Tee Yih Jia Food Manufacturing Pte Ltd ("TYJFM"), a leading frozen foods manufacturer in Singapore whereby Etika will allot and issue TYJFM 75,000,000 new ordinary shares at S$0.1998 each or a total consideration of S$14,985,000. A Supplemental Agreement was entered on 24 December 2012 to further amend, vary and supplement the Subscription Agreement to revise the issue price to S$0.21321 for each share or a total consideration of S$15,990,750.
2013	JAN	Completed allotment and issuance of additional 75,000,000 new ordinary shares in share capital of Etika International Holdings Limited at an issue price of S$0.21321 each to TYJFM for total consideration of S$15,990,750 on 7 January 2013.
		Increased equity holding in Etika Dairies NZ Limited ("EDNZ") from 60.7% to 63.4% vide a wholly-owned subsidiary, Etika (NZ) Limited through subscription of additional 751,617 new shares in the share capital of EDNZ pursuant to a rights issue exercise undertaken by EDNZ at the issue price of NZ$1 per share or a total subscription amount of NZ$751,617 on 18 January 2013.
	MAR	Increased equity holding in Pok Brothers (Johor) Sdn Bhd from 81.8% to 100% vide a wholly-owned subsidiary of the Group, Pok Brothers Sdn Bhd for a consideration of approximately RM1.3 million on 25 March 2013.
2014	FEB	Increased equity holding in Etika Dairies NZ Limited ("EDNZ") from 63.4% to 72.3% vide a wholly-owned subsidiary, Etika (NZ) Limited through subscription of additional 1,936,768 new shares in the share capital of EDNZ pursuant to a rights issue exercise undertaken by EDNZ at the issue price of NZ$1 per share or a total subscription amount of NZ$1,936,768 on 27 February 2014.
	APRIL	Entered into conditional Sale and Purchase Agreement for proposed disposal of the dairies and packaging businesses and the relevant intellectual property to Asahi Group Holdings Southeast Asia Pte Ltd on 10 April 2014 for US$328,787,704
	JUNE	Change of name of its wholly-owned subsidiary, Etika Beverages Sdn Bhd to Polygold Beverages Sdn Bhd with effect from 10 June 2014.
		Increased issued and paid up capital in its wholly-owned subsidiary, Etika Vixumilk Pte Ltd from S$1 to S$11,446,056 on 20 June 2014.
		Approval for the proposed disposal of dairies and packaging businesses to Asahi Group Holdings Southeast Asia Pte Ltd and change of company name were obtained at the EGM held on 20 June 2014.
		Entered into Supplemental Sale and Purchase Agreement for proposed disposal of the dairies and packaging businesses and the relevant intellectual property to Asahi Group Holdings Southeast Asia Pte Ltd on 25 June 2014.
		Completion of disposal of the dairies and packaging businesses and the relevant intellectual property to Asahi Group Holdings Southeast Asia Pte Ltd on 30 June 2014

YEAR	MONTH	MAJOR DEVELOPMENTS
2014	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
	AUG	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.
	SEPT	Acquisition of a shelf company, namely Glenland Sdn Bhd on 3 September 2014. Its principal activity is investment holding.
	OCT	Acquisition of a shelf company, namely Gourmessa Sdn Bhd by Envictus Foods (M) Sdn Bhd on 1 October 2014. Its principal activity is manufacturing and distribution of convenient value-added frozen food. Change of names of subsidiaries in New Zealand with effect from 23 October 2014 as follows:- a) From Etika (NZ) Limited to Envictus NZ Limited b) From Etika Dairies NZ Limited to Envictus Dairies NZ Limited
	NOV	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

MESSAGE FROM THE CHAIRMAN

Dear Valued Shareholders,

On behalf of the Board of Directors of Envictus International Holdings Limited, I am pleased to present you the 2014 Annual Report incorporating the financial statements of the Group for the financial year ended 30 September 2014 ("FY2014"). FY2014 marks a significant year for us as a key development – the disposal of our Dairies and Packaging businesses to enhance shareholders' value – came to fruition. Nevertheless, we remain focused on enhancing Envictus' remaining businesses and in directing our efforts towards being a leading regional F&B group.

DATO' JAYA J B TAN
Non-Executive Chairman

RM607 MILLION
COLLECTIVE GAIN FROM THE DISPOSAL OF DAIRIES AND PACKAGING BUSINESSES

30 SINGAPORE CENTS
DIVIDEND PER SHARE

RM344 MILLION
SHAREHOLDERS' EQUITY

3%
INCREASE IN GROUP REVENUE

DISPOSAL OF THE DAIRIES AND PACKAGING BUSINESSES

It has been an extraordinary financial year for the Group with the divestment of our Dairies and Packaging businesses to Asahi Group Holdings Southeast Asia Pte. Ltd. ("Asahi") for a consideration of approximately US$329 million or approximately RM1 billion. With the disposal, a collective gain of RM607 million was recorded, comprising of the sale of the businesses for RM573 million and the relevant intellectual property for RM34 million. The Board believes that the disposal is timely and provided the opportunity to unlock the value in the businesses and consequently maximise shareholders' returns. An attractive return by any measure, we are proud that the significant value creation was attributable to the sound business investments and transformation made during the period of investment.

With the proceeds, we have utilised it by paring down our borrowings, thereby lowering our gearing level and achieving interest cost savings and strengthening our financial position. In line with our goal of rewarding our loyal shareholders, a special interim dividend of RM488 million or S$0.30 per share has also been paid out on 26 August 2014. In spite of the dividend payout, our balance sheet remains robust, with a net cash position of RM144 million and shareholders' equity of RM344 million. With this good cash position, we will be able to tap on outstanding expansion opportunities when they arise.

Following the completion of the disposal, our corporate identity, including our subsidiaries, has been changed from "Etika" to "Envictus". This not only better reflect our new beginnings ahead, but "Envictus" also signifies "enhanced good food", crystallising our commitment to delivering quality F&B products to our loyal consumers around the region.

FINANCIAL REVIEW OF CONTINUING OPERATIONS

The Group achieved revenue of RM307 million for FY2014, an increase of 3% compared to RM297 million recorded in previous financial year.

The increase was driven by the Trading and Frozen Food Division's higher number of retail distribution channels. At the same time, revenue was boosted by the Restaurant business segment, as a result of the opening of additional outlets. With the divestment of our Dairies and Packaging businesses, the Trading and Frozen Food Division is now our largest contributor, accounting for 70% of Envictus' revenue. This is followed by the Nutrition Division's 17% and the Others Division's 13% which consist of the restaurant and beverage business.

Mainly as a result of the Nutrition Division's rising powder-based raw material costs and production issues, of which major ones have been rectified, the Group registered a lower gross profit margin of 19% compared to the previous financial year's 20% with gross profit declining marginally to RM59 million. In addition, high production costs as well as lower sales level of our Noodles business also contributed to the decline in gross margin and gross profit.

During the financial year, we undertook a review of the Group's property, plant and equipment and intangibles. Following the assessment of the adverse operating conditions and results of some of our operating units, an impairment of RM45 million was recognised which impacted earnings before interest and tax. In addition, operating expenses also increased as a result of increased staff costs and expenses related to the increased "Texas Chicken" store count during FY2014.

With a RM34 million gain on disposal of intellectual property to Asahi, as well as interest income earned from the deposit of divestment proceeds, the Group registered other operating income of RM39 million.

The Group's tax expenses rose to RM17 million from RM2 million in the previous financial year mainly as a result of tax charges arising from higher profits from certain subsidiaries which were ineligible for group reliefs. The cessation of the noodles manufacturing business also resulted in the write-off of RM7 million in deferred tax asset.

Overall, with the profit from discontinued operations, net of tax, comprising of a RM37 million operational profit and the gain of RM573 million on the divestment to Asahi, the Group recorded an overall profit after tax of RM538 million in FY2014.

FUTURE OUTLOOK AND PROSPECTS

The financial year ahead represents a new chapter of our corporate journey. We are firmly focused on the expansion of our remaining three businesses, especially the expansion of our "Texas Chicken" franchise. Supported by our rich heritage and vast experience in the F&B industry as well as our strong balance sheet, we are in a firm position to weather unforeseen and challenging circumstances while being able to opportunistically capitalise on growth prospects when they arise.

We anticipate demand for our Trading and Frozen Food Division's products to improve although some challenges brought on by intense competition and the impending implementation of Malaysia's Goods and Service Tax in April 2015 may inevitably impact our performance. Internally, we will continue to intensify all marketing efforts and operational efficiencies to overcome these macro dynamics. At the same time, we will leverage on our strong brand names such as Pok Brothers, which enjoys a 50-year track record, to expand our market share locally. In addition, sales of our Gourmessa brand of quality cold cuts also continue to be encouraging. With a higher number of hotels and shopping malls that are expected to be opened, this will bode well in driving our revenue growth.

The Nutrition Division is on track to rebuild its market share particularly in the ready-to-drink category for sports and weight management drinks, backed by our comprehensive range of products. This was following a period of high raw material prices, competitive pressures and quality control adjustments made at our beverage plant. With the early positive trade responses on our exciting new range of sports bar that is currently in the process of being launched by the division's Horleys brand, we are on our way to securing greater consumer confidence in the growing nutrition products market.

For the Others Division – Restaurant, we have made good progress since the opening of our first "Texas Chicken" outlet on 31 January 2013. With the increased visibility of our brand name, we now plan to boost the total number of outlets in Klang Valley, Malaysia where we are focused on. We currently have 14 outlets with 7 more sites identified to be opened by the next financial year. The "Texas Chicken" restaurant concept has truly grown into an exciting key growth driver for our Group. Moving ahead, we foresee this business segment to contribute significantly to Envictus' performance and we intend to continue leveraging on the trend of healthy demand for the "Texas Chicken" restaurant concept. To enhance the brand and raise the awareness of our outlets, we are also embarking on advertising and promotion campaigns, introducing fresh offerings such as limited-time-offer products and the roll out of new menu items. Beyond our growth push, our "Texas Chicken" restaurants remain committed to ensuring that our ingredients are of top quality and our food, fresh and deliciously appealing to consumers.

Our beverage business under the Others Division remains a relatively small business. However, with the introduction of our new 325ml PET bottle carbonated drink during the financial year to suit the Chinese market, we anticipate encouraging performance from this product line which will contribute to our Beverage business.

In addition, we have also streamlined our business by ceasing operations of our Noodles business on 19 September 2014 due to the difficulty in sustaining the business in light of the highly competitive industry and high cost environment in Indonesia. The initiative was also consistent with the strategy to align our focus and efforts on our core businesses.

50th

YEAR TRACK RECORD FOR POK BROTHERS

14

TEXAS CHICKEN RESTAURANTS OPENED SINCE 2013

7

MORE TEXAS CHICKEN RESTAURANTS TO BE OPENED BY THE NEXT FINANCIAL YEAR

Moving forward, it is our goal to deepen Envictus' roots in the food business and in establishing ourselves as a leading regional F&B group. At the same time, we intend to enhance our strong brand names by intensifying marketing and distribution efforts. We will continue to deliver value to our shareholders by leveraging on this important asset. The success story of the disposal has also proven the Group's ability to create significant shareholders' value by establishing a strong foundation and achieving scale, while managing a constantly evolving business and operation.

Embarking on a new financial year, we have also reorganised our business divisions to better reflect Envictus' business activities. Our new divisions will now include Trading and Frozen Food, Food Services (Texas Chicken), Nutrition as well as Food Processing, comprising of the business segments of bakery, butchery, beverage and contract packing for dairy and juice-based drinks.

Together with a strong and focused management team, we will continue to improve cost and operational efficiencies to maintain our competitiveness while prudently pursuing potential acquisitions, joint ventures and collaborations when opportunities arise.

WORDS OF APPRECIATION

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

I am also extremely grateful for the wise counsel and strategic directions driven by my fellow board members and would like to extend my deep appreciation for their contributions.

At this juncture, I would like to put on record our deep appreciation to Mr Khor Sin Kok, who resigned as Alternate Director and Deputy Group Chief Operating Officer following the divestment, for his invaluable past contributions to the Group. We are glad that Mr Mah remained with us as a Non-Executive Director after he relinquished his position as Group Chief Operating Officer of the Group.

In closing, on behalf of the Board, I would like to thank the management and staff who have worked hard in nurturing the growth of our business and in enabling our divestiture to be completed smoothly. Together, we remain firmly committed to delivering value to Envictus' shareholders.

DATO' JAYA J B TAN
Chairman

TRADING & FROZEN FOOD DIVISION

REVIEW OF OPERATIONS

Financial year ended 30 September 2014 was a significant year as the Group sold its dairies and packaging businesses and the relevant intellectual property to Asahi Group Holdings Southeast Asia Pte Ltd on 30 June 2014.

RM573 MILLION

GAINED FROM THE DISPOSAL OF DAIRIES AND PACKAGING BUSINESSES

RM307 MILLION

GROUP REVENUE

3%

INCREASE IN REVENUE

Prior to the disposal, the Group's business segments were as follows:

a) **Dairies Division**;
b) **Trading and Frozen Food Division** – comprising frozen food trading, butchery and bakery sub-divisions and the distribution business;
c) **Nutrition Division** – comprising marketing of branded sports nutrition, weight management foods and contract packing for dairy and juice based drinks; and
d) **Others Division** – comprising packaging, beverage, noodles and restaurant businesses.

Following the disposal, the Group's core business segments are as follows:

a) **Trading and Frozen Food Division** – comprising frozen food trading, butchery and bakery sub-divisions;
b) **Nutrition Division** – comprising marketing of branded sports nutrition, weight management foods and contract packing for dairy and juice based drinks; and
c) **Others Division** – comprising beverage, noodles and restaurant businesses. The noodles business ceased its manufacturing operations on 19 September 2014.

Moving forward into the new financial year, the Group's businesses will be reorganised into the following segments to better reflect the business activities they are engaged in:

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

The Group's focus will be on nurturing the growth of its existing businesses particularly the restaurant business while exploring opportunities for mergers and acquisitions in the food business.

CONSOLIDATED INCOME STATEMENT

The results of the disposed dairies and packaging businesses have been accounted for as discontinued operations in compliance with FRS 105 and the gain of RM573 million arising from this disposal has been reflected. The Group also disposed certain intellectual property relating to the dairies business and realised a gain of RM34 million which has been taken up under the continuing operations.

The Group registered a slight increase in revenue of RM10 million or 3% to RM307 million compared to the preceding year of RM297 million. The Trading and Frozen Food Division and the restaurant business contributed to the major increase in the Group's revenue of RM17 million and RM15 million respectively. The increase in the Trading and Frozen Food Division was a result of increasing number of retail outlets, small food and beverage outlets, cafes and restaurants while the restaurant business opened an additional six outlets in the Klang Valley during the financial year. However, these increases were impacted by the lower sales performance of the Nutrition Division of RM5 million due to the continuous entry of US products and the production issues encountered by the beverage plant, while the noodles business' revenue was lower by RM18 million caused by uncompetitive pricing. As a result, management decided to cease the manufacturing operations on 19 September 2014 to exit from the highly competitive noodles business in Indonesia.

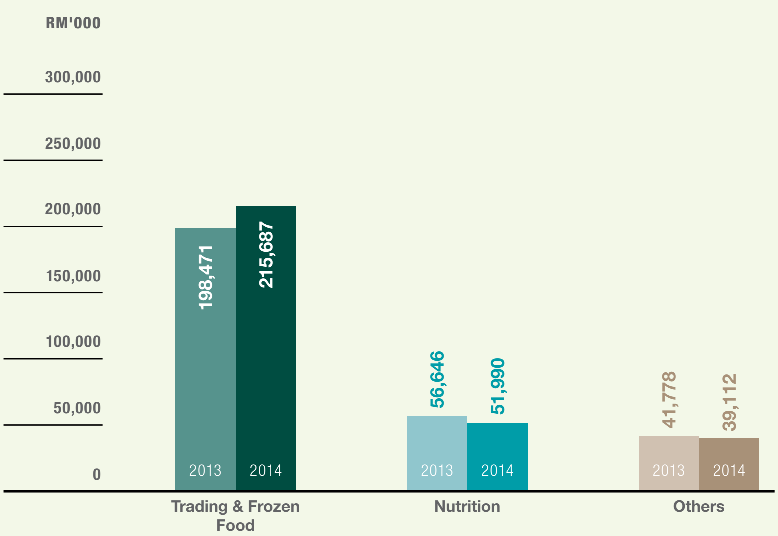
The Group's gross profit margin slipped from 20% in the previous year to 19% mainly due to the loss of margin by the Nutrition Division as a result of price increases for powder based products which forms a major component of the division's costs and the production issues encountered by the beverage plant, which has been rectified gradually, resulting in lower sales volume. High production costs coupled with insufficient sales by the noodles business had also impacted the margin. Loss before tax (excluding the one-off exceptional gain on the disposal of relevant intellectual property and the provision for impairment) remained at RM45 million.

A review was carried out by management on the property, plant and equipment and intangibles. The review led to an impairment of plant and machinery, goodwill, patents and trademarks amounting to RM45 million, which is principally attributable to adverse operating conditions and results of the specific operating units. Consequently, operating expenses increased by RM47 million or 48% from RM97 million to RM144 million. The increase in administrative expenses by RM0.4 million was mainly due to higher salary and staff related costs and the one-off compensation payment made by the Indonesian subsidiary which was offset by the reduction in bonus payment during the year. The reduction in selling and marketing expenses of RM0.3 million was principally due to the lower advertising and promotion expenses incurred by the noodles business of RM9 million. However, this savings was eroded by the increase in staff costs, rental of outlets, depreciation and utility charges of RM8 million incurred by the restaurant business.

The overall reduction in the warehouse and distribution expenses was largely due to the lower depreciation charges of RM3 million as a result of reclassification from warehouse and distribution expenses previously to cost of goods sold in the current year. This reduction was partially negated by the higher warehouse rental, repair and maintenance of the fleet of distribution vehicles of RM1 million.

Other operating income surged to RM39 million from RM2 million mainly attributable to the gain on disposal of the relevant intellectual property of RM34 million, interest income earned from deposits of the divestment proceeds and settlement discounts given by suppliers to the Indonesian subsidiary.

REVENUE BY BUSINESS SEGMENTS
FY2013/2014 (CONTINUING OPERATIONS)



	FY2013 RM'000	FY2014 RM'000
Continuing operations		
Trading and Frozen Food	198,471	215,687
Nutrition	56,646	51,990
Others	41,778	39,112
	296,895	**306,789**
Discontinued operations		
Dairies	660,945	524,402
Trading and Frozen Food**	20,397	14,366
Others	3,540	2,123
	684,882	***540,891**
Total	**981,777**	**847,680**

* 9 months results (Oct 2013 - June 2014) due to disposal to Asahi
** refers to distribution business under Etika Consumer Sdn Bhd

The higher tax expense in the current year was due to the additional tax charge as a result of increase in profit generated by certain subsidiaries for which group relief is not available and the write off of the deferred tax asset amounting to RM7 million as a result of the cessation of the operations of the noodles manufacturing business.

As for the discontinued operations, the dairies business has been the major contributor to the revenue and earnings of the Group. The disposed businesses registered a gross profit of RM117 million and profit after tax of RM37 million for the nine months period as compared to the corresponding twelve months period of RM163 million and RM52 million respectively.

STATEMENTS OF FINANCIAL POSITION

The Group ended the financial year with its equity attributable to the owners of the Company increasing from RM273 million to RM347 million and a healthy cash position surging from RM67 million to RM144 million. Net assets value per share increased from RM0.45 to RM0.55, an increase of 22%.

Following the disposal of the dairies and packaging businesses and the relevant intellectual property, the financial position of the Group has changed significantly.

Non-current assets reduced by RM383 million. The major reduction related to the disposed entities and the relevant intellectual property of RM331 million. Management had undertaken a review and assessment on the Group's assets based on the current operating conditions and results of the specific operating units. As a result of the review, provisions were made for impairment on plant and machinery, goodwill, patents and trademarks amounting to RM45 million. Deferred tax asset of RM7 million relating to the noodles business was written off as a result of the cessation in the manufacturing operations. The Group invested RM17 million in capital expenditure mainly on equipments and the additional six restaurant outlets opened during the financial year.

Overall, current assets reduced by RM60 million. The inventories and receivables relating to the disposed subsidiaries contributed mainly to a reduction of RM246 million. This reduction was compensated largely by the increase in the cash and bank balances, receivables and investment held for trading of RM191 million from the continuing operations.

Current and non-current liabilities reduced by RM254 million and RM259 million respectively largely due to the decrease in trade and other payables, bank borrowings, finance lease payables and deferred tax liabilities of RM494 million arising from the disposal. Borrowings of the continuing operations were also repaid during the financial year.

CASH FLOW POSITION

Overall, the increase in the Group's cash and cash equivalents was principally due to the cash received from the disposal proceeds out of which, dividend payment to shareholders and settlement of loans were made.

Net cash generated from operating activities of RM44 million was largely attributable to an increase in receivables of RM28 million, an increase in payables of RM36 million and a reduction in inventories of RM7 million.

Net cash generated from investing activities of RM689 million was contributed by the disposal proceeds received from the disposal of subsidiaries and relevant intellectual property of RM650 million and RM74 million respectively, from which RM16 million was invested in held-for-trading investments. Capital expenditure reduced to RM20 million from RM57 million in the previous year.

The increase in net cash used in financing activities was due to higher dividends paid to shareholders of RM491 million and lower proceeds from bank borrowings of RM199 million. This increase was partially negated by the lower repayment of bank borrowings of RM49 million.

SEGMENTAL REVIEW BY BUSINESS DIVISIONS

The dairies and packaging businesses were disposed on 30 June 2014 and as such its earnings and the gain on disposal of subsidiaries are presented as discontinued operations in the segmental report. The continuing businesses comprise of the trading and frozen food, nutrition, restaurant, beverage and the noodles businesses. The operations of the noodles manufacturing business was ceased on 19 September 2014.

Following the disposal of the dairies and packaging businesses, the Trading and Frozen Food Division has become the core business of the Group, contributing 70% of the revenue, followed by the Nutrition Division of 17% and the balance 13% by the Others Division, comprising of beverage, noodles and the restaurant businesses.

TRADING AND FROZEN FOOD DIVISION

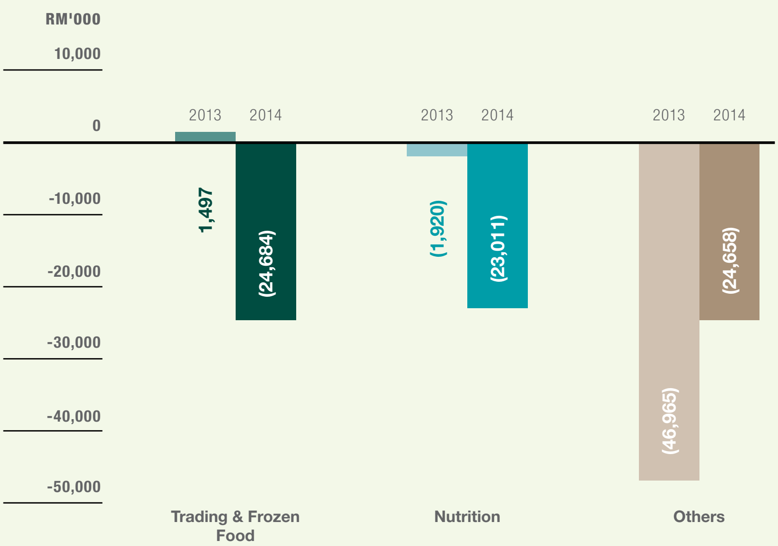
The Trading and Frozen Food Division comprises frozen food trading, butchery and bakery sub-divisions.

The Division recorded a revenue growth of 9% principally contributed by the increase in proprietary sales as a result of new customers obtained during the year coupled by more restaurants opening. Retail sales of its principal products have also increased as more advertising and promotion activities were undertaken. The supply of its cold cuts to smaller chains of retail outlets besides supplying to the big chains of supermarkets also contributed to the increase in revenue.

The frozen food trading operations posted a profit before tax of RM10 million as compared to RM7 million in the previous year. However, this commendable result was impacted by the operating losses incurred by the bakery sub-division of RM6 million. The losses were further compounded by the provisions for impairment on the plant and machinery, goodwill, patent and trademarks of the bakery business amounting to RM30 million due to the adverse operating conditions and results of the specific operating units.

Segmental assets reduced by 20% from RM164 million to RM132 million principally due to the impairment on the plant and machinery, goodwill, patents and trademarks acquired from the bakery sub-division of RM30 million. Segmental liabilities increased by 53% from RM19 million to RM29 million principally due to the classification of the trade line facility utilised under the syndication borrowing in the name of a previously related company which is payable by December 2014 of RM14 million which was previously classified as an intercompany balance and eliminated.

PROFIT/(LOSS) AFTER TAX BY OPERATING BUSINESS SEGMENT FY2013/2014 (CONTINUING OPERATIONS)



	FY2013 RM'000	FY2014 RM'000
Continuing operations		
Trading and Frozen Food	1,497	(24,684)
Nutrition	(1,920)	(23,011)
Others	(46,965)	(24,658)
	(47,388)	***(72,353)**
Discontinued operations		
Dairies	47,669	513,228
Trading and Frozen Food**	(675)	(1,424)
Others	5,494	98,217
	52,488	**610,021**
Total	**5,100**	**537,668**

* include provision for impairment of RM45 million
** refers to distribution business under Etika Consumer Sdn Bhd

NUTRITION DIVISION

The sports nutrition and dietary supplements business saw a drop in revenue by 9% from RM57 million in FY2013 to RM52 million in FY2014 mainly due to the extremely competitive market faced in Australia and the production issues encountered by the beverage plant in Hawkes Bay. This has resulted in the losses increasing from RM2 million in FY2013 to RM23 million in FY2014 coupled with the impairment of goodwill amounting to RM9 million based on management's review and assessment of the current operating results of the division.

Segmental assets fell by 27% from RM56 million to RM41 million principally due to the impairment of goodwill while the repayment of bank borrowings resulted in the reduction of segmental liabilities by 60% from RM30 million to RM12 million.

OTHERS DIVISION

The Group's Others Division comprises of the beverage, noodles and restaurant businesses. The restaurant business had opened an additional six outlets during the financial year bringing the total outlets to twelve as at 30 September 2014. The noodles manufacturing business has ceased operations on 19 September 2014.

Revenue was down by 7% from RM42 million in FY2013 to RM39 million in FY2014. The restaurant business recorded an increase in revenue of RM15 million but this was partially negated by the reduction in revenue from the noodles business of RM18 million. The operational losses recorded by the division in the current financial year was RM31 million, same as in the previous year. The impairment of plant and machinery and trademarks of the noodles manufacturing business which had ceased operations amounted to RM6 million. The one-off exceptional gain from the disposal of the packaging business of RM94 million resulted in the overall higher profit net of tax in FY2014 of RM60 million.

Segmental assets reduced by 53% from RM111 million to RM52 million principally due to the disposal of the packaging business and an Indonesian subsidiary amounting to RM65 million. This reduction was partially negated by the increase in capital expenditure incurred on the additional six restaurant outlets. Segmental liabilities reduced by 64% from RM64 million to RM23 million mainly due to the disposal and settlement of the borrowings.

PERFORMANCE REVIEW BY GEOGRAPHICAL SEGMENTS

The Group recorded an increase in revenue of RM10 million. Malaysia remains the Group's core market, contributing RM240 million or 78%, followed by New Zealand amounting to RM29 million or 9%, Australia amounting to RM21 million or 7%, ASEAN (excluding Malaysia) amounting to RM6 million or 2% and others comprising countries with insignificant revenue.

MALAYSIA

The Malaysian market continued to be the anchor for the growth of the Group contributing 78% of the Group's revenue. Revenue grew from RM207 million in FY2013 to RM240 million in the current year, an increase of 16%, principally due to higher sales volume in the frozen food trading operations and the restaurant business which opened an additional six restaurant outlets during the financial year.

Since the disposal of the dairies business, the Trading and Frozen Food Division has become the main driving force, contributing 89% of the total revenue. The restaurant business contributed 8% in the current year and the balance 3% was from the beverage business and the nutrition's Malaysian market.

AUSTRALIA AND NEW ZEALAND

Revenue reduced by 8% from RM53 million to RM49 million contributed by the lower sales performance in the Nutrition Division due to the continuous entry of US products and the production issues encountered by the beverage plant.

1,200

TOTAL WORKFORCE OF THE GROUP

6

TEXAS CHICKEN OUTLETS HAS BEEN OPENED IN FINANCIAL YEAR 2014

14

TOTAL NUMBER OF TEXAS CHICKEN OUTLETS

ASEAN (excluding Malaysia)

The ASEAN market which primarily refers to the Indonesian market, accounts for 2% of the Group's revenue as compared to 8% in the previous year. The significant drop in revenue of 75% from RM24 million to RM6 million was principally due to the lower revenue registered by the noodles business as a result of uncompetitive pricing.

OTHERS

This geographical market principally refers to China. Revenue reduced by 18% from RM13 million to RM11 million due to market competition.

PROSPECT AND GROWTH PLANS

Subsequent to the sale of its dairies and packaging businesses and the relevant intellectual property, the Group's focus will be on nurturing the growth of its existing businesses particularly the restaurant business while exploring opportunities for mergers and acquisitions in the food business.

a) Trading and Frozen Food Division

The Trading and Frozen Food Division expects challenges in the forthcoming year as although demand is improving, the frozen food market remains competitive. In the last two months, industry players have embarked on a price war by reducing their prices on most beef and lamb cuts. The United States has been buying up the non-loin beef cuts from Australia and New Zealand, hence pushing up prices by 20%. This has caused a surge in prices to customers although there are certain customers to whom the additional costs were not passed on in order to maintain the Division's competitiveness. Dairy products' supplies and prices remain stable.

The Department of Islamic Development Malaysia has yet to approve any turkey slaughter house to supply "halal" turkey meat following the delisting of several Australian meat manufacturing and processing plants in April 2014. As a result, revenue will be impacted during the month of December as the demand for turkey is highest during the Christmas and New Year season. The Division will be developing substitute products for this festive period to replace the turkey products in its efforts to mitigate the potential loss in revenue. The retail of cold cuts in most supermarket and hypermarket chains across the country under the Gourmessa brand is encouraging hence building a strong brand recognition as a product of quality.

The Division anticipates better revenue in 2015 with more hotels and malls opening up. However, with the implementation of the Goods and Service Tax ("GST") which officially takes effect on 1 April 2015, both consumer spending trends and businesses may be temporary affected in the future.

b) Nutrition Division

Dairy ingredients in the form of milk powders and highly specialised whey proteins form a significant component of the Nutrition Division's costs. International prices for milk powder and specialised dairy proteins have come off their high providing some pricing relief. Overall world demand for milk products remains muted reflecting the current world economic outlook.

Sales for the nutritional supplements in New Zealand especially in the supermarket channel, continues to grow albeit at a slow pace. However in Australia, the loss of market share continues due to the significant entry of US products. Currently, the US brands continue to be competitively priced and trading terms are attractive, however pressure must be building as they progressively lose their margins with the strengthening of the US currency.

The Division is currently endeavouring to rebuild lost market share in the ready to drink category for sports and weight management drinks via production from its beverage plant. With the most comprehensive range of drinks compared to regional competitors, the Division is confident of rebuilding a significant share of the market over time. Horleys brand is also in the process of launching an exciting new range of sports bars. Early trade response is positive and again promises the prospect of Horleys being able to rebuild lost market share in this key growing segment of the market.

The beverage plant in Hawkes Bay, New Zealand has largely overcome the quality issues that held back expansion plans in FY2014. More robust processes have been implemented and consistent high quality product is being produced. Notwithstanding the setbacks, there remains strong customer demand for a variety of beverages manufactured at this plant. New ready to drink sports nutrition beverages that were recalled previously are now in the process of being re-launched into the market.

The primary objective for FY2015 will be a year to rebuild our customers' and consumers' confidence in the products. The Division is confident that the majority of the lost market share can be recovered over time.

c) **Others Division**

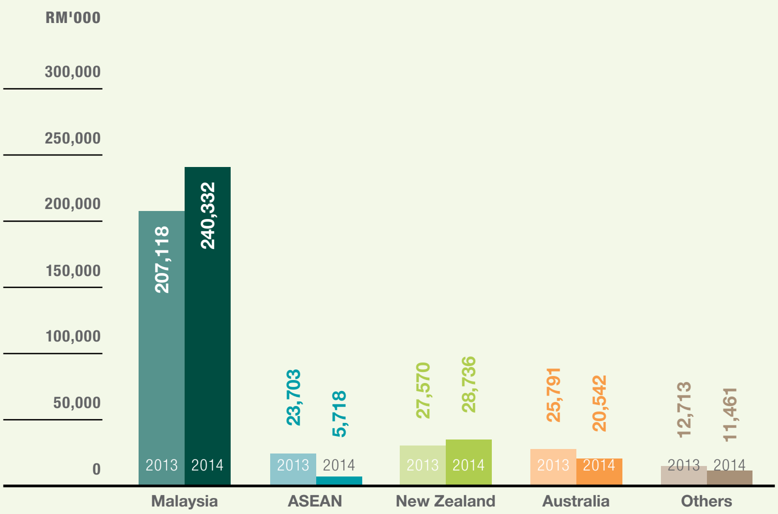
With the Group's plan to increase the number of "Texas Chicken" outlets by the next financial year, the restaurant business will be a key growth driver for Envictus. In embarking on a drive to enhance the brand and raise the awareness of its outlets, the Group's strategy includes directing its efforts towards advertising and promotion campaigns.

The Group has grown the number of "Texas Chicken" outlets at a good pace to reach a total of 14 outlets currently after launching six during FY2014 and two subsequent to the year-end. The two outlets recently opened were at Mid Valley Mega Mall and IOI City Mall. As part of its plans, Envictus has secured seven additional sites within the Klang Valley which are anticipated to be launched during FY2015.

The increase in petrol prices which started from October 2014 in Malaysia has raised our cost base. However, with the growth in the number of outlets, we have gained greater negotiation leverage in securing from our suppliers, higher discounts on purchases.

With the upcoming implementation of the GST, effective on 1 April 2015, a general price hike is anticipated on raw materials and packaging costs. However, management will continue to

REVENUE BY GEOGRAPHICAL SEGMENTS FY2013/2014 (CONTINUING OPERATIONS)



	FY2013 RM'000	FY2014 RM'000
Continuing operations		
Malaysia	207,118	240,332
New Zealand	27,570	28,736
Australia	25,791	20,542
ASEAN (excluding Malaysia)	23,703	5,718
Others	12,713	11,461
	296,895	**306,789**
Discontinued operations		
Malaysia	389,360	257,751
Africa	72,603	73,541
ASEAN (excluding Malaysia)	195,216	191,263
Others	27,703	18,336
	684,882	**540,891**
Total	**981,777**	**847,680**

review and monitor the prices with a possibility of passing on partially or fully the additional costs to customers while maintaining the business competitiveness.

Based on historical trends, higher sales are expected from November till December, in conjunction with the year-end school holidays and the Christmas and New Year festivities.

RESOURCES REQUIREMENT

COMPUTERISATION DRIVE

Warehouse Bar Coding project was successfully implemented for the Trading and Frozen Food Division. Stocks are currently tracked using the bar code technology to provide a higher level of accuracy for stock movements within the warehouse. This will enhance the stock management controls.

With the rapid expansion of Texas Chicken Malaysia, all stores will be equipped with advance biometrics reader integrated with new payroll and time attendance systems which are new enhancement plans to be deployed in FY2015. Biometrics reader will provide higher level of accuracy for staff time tracking in individual stores. The time attendance will be managed on centralised server which synchronises the time attendance data from these devices. With this deployment, it makes it easier to keep track of all employee movements and is able to generate reports based on variety criteria for quicker management decision making process. The payroll system will compute the payroll for employees and is capable of processing large volume of data without the need of increasing manpower in the HR Department.

The Malaysian government has announced that Goods and Services Tax (GST) will be implemented with effect from 1st April 2015. All Envictus divisions in Malaysia that are deployed with Microsoft Navision will be upgraded with the GST upgrade pack to cater and fully comply with Royal Malaysian Customs regulations and requirements.

HUMAN RESOURCE

The total workforce of the Group stood at approximately 1,200 as at end of FY2014. The increase in workforce of 14% was mainly due to the additional headcount in the restaurant business.

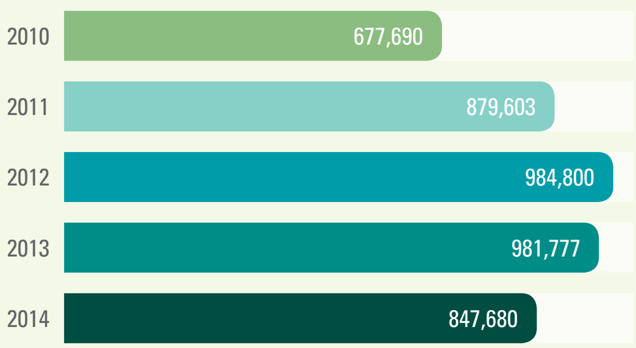
NUTRITION DIVISION

FINANCIAL HIGHLIGHTS

	FY2010	FY2011	FY2012	FY2013	FY2014
KEY FINANCIAL INFORMATION					
Revenue (RM'000)					
- Continuing	193,915	264,819	269,296	296,895	**306,789**
- Discontinued	483,775	614,784	715,504	684,882	**540,891**
Total	**677,690**	**879,603**	**984,800**	**981,777**	**847,680**
Profit after tax (RM'000)	65,877	28,585	20,596	5,100	**537,668** #
Shareholders' equity (RM'000)	208,528	218,408	227,870	273,026	**346,766**
Total equity (RM'000)	213,000	222,718	230,866	273,592	**343,826**
Weighted average number of shares	263,843,821	533,371,528	533,941,681	591,128,912	**622,627,188**
Weighted average number of days (Revenue)	341	339	366	365	**365**
KEY FINANCIAL RATIO					
Earnings per share (RM sen)	25.1	5.4	4.1	1.3	**87.2**
Return on equity (%)	46.3	25.4	24.7	18.3	**188.2**
Dividend per share (RM sen)	8.3	3.9	2.0	1.5	**78.9**
Net asset value per share (RM sen)	79.9	41.8	43.1	44.5	**55.2**
Inventory turnover (days)	70	71	62	66	**59**
Receivable turnover (days)	53	54	53	51	**48**
Payables turnover (days)	32	34	33	31	**23**
Working capital cycle (days)	91	92	82	86	**84**
Net gearing ratio (times)	1.6	1.8	1.7	1.4	**NM**

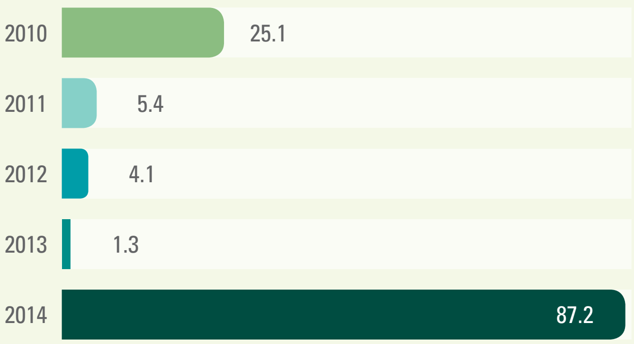
Profit after tax comprises of continuing and discontinued operations.
NM Not Meaningful

REVENUE
(RM'000)

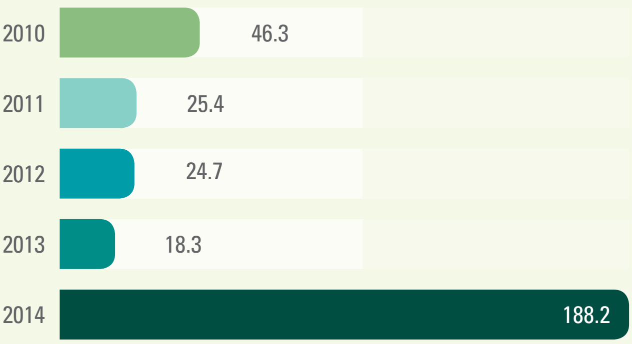


PROFIT AFTER TAX
(RM'000)

EARNINGS PER SHARE (EPS)
(RM sen)

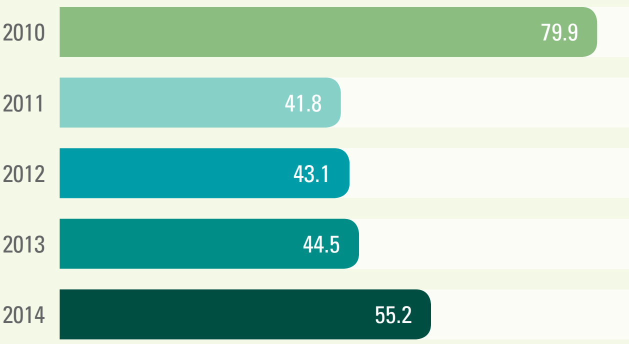


RETURN ON EQUITY
(%)

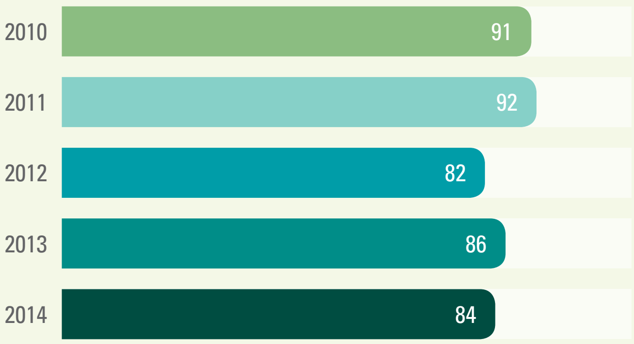


DIVIDEND PER SHARE
(RM sen)

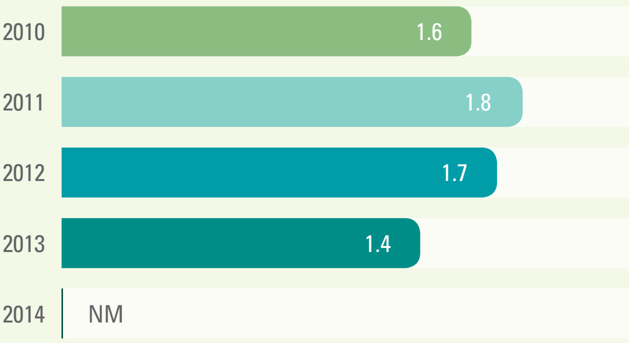
NET ASSET VALUE PER SHARE
(RM sen)



WORKING CAPITAL CYCLE
(Days)



NET GEARING RATIO
(Times)



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 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 in Malaysia, Animal Products Act 1999 New Zealand, Food Act 1981 New Zealand or other relevant regulations in jurisdictions to which our products are exported to, a loss in customer confidence and a negative impact on our reputation. Accordingly, our prospects as well as our financial condition will be adversely affected.

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

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

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

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

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

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

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

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

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

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

REGIONAL EXPANSION RISKS

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

Ability to extract synergies and integrate new investment

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

Ability to make further acquisitions

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

FINANCIAL RISKS

Credit risks

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

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 Singapore Dollar, United States Dollar, New Zealand Dollar, Australian Dollar and Ringgit Malaysia. 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 fixed deposits, bank borrowings and finance lease obligations with financial institutions. The Group strives to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings. The objective for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if the interest rates fall. In the event of any substantial increase in interest rates, cash borrowings obligations may be extended and our financial performance may be affected.

Liquidity risks

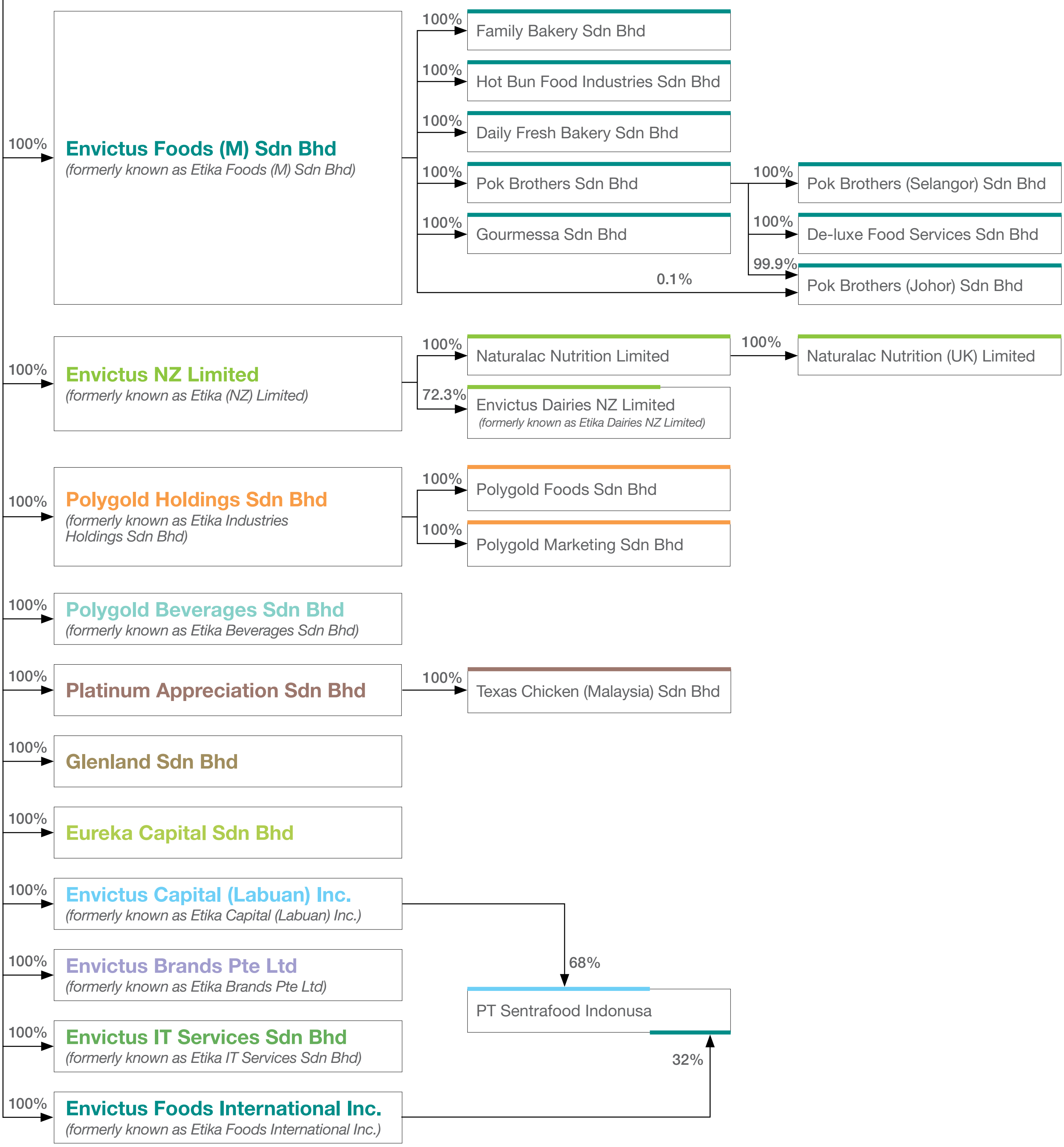
The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of our overall prudent liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet its working capital requirements.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

GROUP STRUCTURE

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

(formerly known as Etika International Holdings Limited)

as at 5 December 2014



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Jaya J B Tan
Non-Executive Chairman

Datuk Goi Seng Hui
Non-Executive Vice-Chairman

Dato' Kamal Y P Tan
Group Chief Executive Officer

Mah Weng Choong
Non-Executive Director

John Lyn Hian Woon
Independent Director

Teo Chee Seng
Independent Director

COMPANY SECRETARIES

S Surenthiraraj @ S Suressh
Kok Mor Keat, ACIS

REGISTERED OFFICE

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

SHARE REGISTRAR

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

INDEPENDENT AUDITOR

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

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

PRINCIPAL BANKERS

Malayan Banking Berhad
AmIslamic Bank Berhad
National Australia Bank Limited

SOLICITORS

Stamford Law Corporation
Hutabarat Halim & Rekan

BOARD OF DIRECTORS

DATO' JAYA J B TAN

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

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

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

Dato' Jaya was last re-elected as Director at the Annual General Meeting ("AGM") held in January 2014.

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

DATUK GOI SENG HUI

Non-Executive Vice-Chairman

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

He is the Executive Chairman of Tee Yih Jia Food Manufacturing and GSH Corporation. Established in 1969, Tee Yih Jia is the world's leading manufacturer of spring roll pastry and produces a wide range of Asian convenience foods under its renowned "Spring Home" brand. Tee Yih Jia exports its products globally and has production facilities in Singapore, China and USA. GSH Corporation is a SGX mainboard-listed property developer with a portfolio of residential, commercial and hospitality real estate. The company owns the landmark Equity Plaza building in Raffles Place Singapore and have properties under development in Malaysia. GSH owns and manages the Sutera Harbour Resort in Kota Kinabalu.

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

He is currently the Honorary Chairman for the International Federation of Fuqing Association; Chairman of Dunman High School Advisory Committee and Ulu Pandan Citizens Consultative Committee; and a member of the Singapore University of Technology and Design (SUTD) Board of Trustee. Datuk Goi is also Enterprise 50 Club's Honorary Past President and Vice Chairman of IE Singapore's "Network China" Steering Committee; Regional Representative IE Singapore's "Network China" for Fuzhou City and Fujian Province; council member of the Singapore-Zhejiang Economic & Trade Council; as well as Senior Consultant to Su-Tong Science & Technology Park.

Datuk Goi was re-elected as Director of the Company at the AGM held in January 2013.

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 Executive Director of another company listed on the Singapore Stock Exchange, namely Lasseters International Holdings Limited and a Non-Executive Director of a company listed on the Australian Stock Exchange, Lasseters Corporation Limited. He is also 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 2013. He will retire at the forthcoming AGM and will offer himself for re-election.

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

TEO CHEE SENG

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

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

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

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

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

JOHN LYN HIAN WOON

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

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

Mr Lyn is currently the Executive Director of Pine Forest Capital, a Boutique Fund Management Company, registered in Singapore. Mr Lyn is also the Chairman of Vietnam Asset Management, an associate company of UOB Kay Hian, which manages Public-listed Funds for Vietnam.

Mr Lyn has formerly held the position of Chief Executive Officer of Colonial Investment Pte. Ltd. and was responsible for management, strategic planning, investment and corporate restructuring. Prior to that, he was an investment banker with various financial institutions such as Chase Manhattan Bank, Citibank, Schroders Securities and HSBC James Capel with a total of 15 years of experience.

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

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

MAH WENG CHOONG

Non-Executive Director

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

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

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

Mr Mah is due for re-appointment as a Director pursuant to section 153(6) of the Companies Act, Chapter 50, at the forthcoming AGM.

KEY MANAGEMENT

BILLY LIM YEW THOON

Chief Financial Officer

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

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

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

LAWRENCE POK YORK KEAW

Chief Executive Officer – Frozen Food Division

Mr. Lawrence Pok has extensive experience in the hotel and restaurant industry. He was the Managing Director of Pok Brothers Sdn Bhd ("PBSB") since the mid 1960's to 7 February 2009 and subsequently re-designated as Chief Executive Officer – Frozen Food Division of Envictus Group on 8 February 2009.

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, Lawrence's innovative solutions and strong relationship with major retail and foodservice customers also saw PBSB's business and customer service enhanced through the setting up of De-luxe Food Services Sdn Bhd, a subsidiary which was established to manufacture "Gourmessa Brand value added Halal food products" such as portion control meat, delicatessen meat, smoked salmon, bread and pastry products, to expand the products base offered by PBSB back in the 1980s.

RICHARD ROWNTREE

Managing Director, Naturalac Nutrition Ltd

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

NEIL MC GARVA

Chief Executive Officer, Envictus Dairies NZ Ltd

Mr Neil Mc Garva studied food science at Massey University and went on to graduate in Public Health Inspection at Wellington Polytechnic. He worked for 10 years as a NZ Government food safety auditor.

In 1992, he established Pandoro Bakeries, a bread manufacturing factory in Auckland, expanding nationally over 10 years to employ over 150 people across multiple sites. After selling Pandoro in 2002, he established the "Natural Pet Treat Company" which continues today as a contract manufacturer and exporter of quality pet foods.

Since 2006 he has worked on establishing New Zealand's first UHT Aseptic PET Bottling plant in Hawkes Bay. In March 2009, he merged this operation with Etika International Holdings Limited (now known as Envictus International Holdings Limited) to form Etika Dairies NZ Ltd (now known as Envictus Dairies NZ Ltd).

He is currently managing the Envictus Dairies NZ plant in Hawkes Bay which commenced commercial production in 2012 contract manufacturing UHT shelf stable dairy and juice products in PET bottles for domestic and export markets.

OTHERS DIVISION

CORPORATE GOVERNANCE

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

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

BOARD MATTERS

Principle 1 : The Board's conduct of its affairs

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

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

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

<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 Articles of Association.

Directors' attendance at Board and board committee meetings in FY2014

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 FY2014	5	5	2	1
Number of meetings attended				
Dato' Jaya J B Tan	5	5	2	1
Datuk 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	5	2	1
John Lyn Hian Woon	5	5	2	1

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

Board approval

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

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

Induction and training of directors

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

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

No external training was attended by the directors in FY2014.

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	67	23.12.2003	23.01.2014	Non-Executive Chairman
Datuk Goi Seng Hui	68	09.01.2013	25.01.2013	Non-Executive Vice-Chairman
Dato' Kamal Y P Tan	62	23.12.2003	25.01.2013	Group Chief Executive Officer
Mah Weng Choong*	76	03.08.2004	25.01.2013	Non-Executive Director
Teo Chee Seng	60	03.08.2004	25.01.2013	Independent Director
John Lyn Hian Woon	56	03.08.2004	23.01.2014	Independent Director

* Mr Mah Weng Choong has relinquished his position as Group Chief Operating Officer and was re-designated to Non-Executive Director with effect from 1 July 2014. Mr Khor Sin Kok has resigned as Alternate Director to Mr Mah Weng Choong on 1 July 2014.

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

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

Directors' independence review

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

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

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

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

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

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

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

The NC is satisfied that all Directors have discharged their duties adequately for the financial year ended 30 September 2014.

Principle 3 : Chairman and Chief Executive Officer

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

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

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

Principle 4 : Board membership

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

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

NC composition

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

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

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

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

The NC performs the following principal functions:-

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

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

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

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

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

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

The NC has recommended the nomination of Directors retiring pursuant to the Company's Articles of Association, namely Dato' Kamal Y P Tan (pursuant to Articles 87 and 91) and Mr Teo Chee Seng (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 Dato' Kamal Y P Tan and Mr Teo Chee Seng are properly qualified for re-election by virtue of their skills and experience and their contribution and guidance to the Board's deliberation.

Dato' Kamal Y P Tan was appointed as a Director of the Company with effect from 23 December 2003. He is currently the Group CEO. Dato' Kamal will upon re-election remain as Group CEO of the Company.

Mr Teo Chee Seng was appointed as a Director of the Company on 3 August 2004. He will upon re-election as a Director of the Company, remain as the Chairman of the NC and RC and member of the AC. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Principle 5 : Board performance

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

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

Principle 6 : Access to information

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

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

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

Principle 7 : Remuneration Committee

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

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

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

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

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

Primary functions performed by RC:-

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

Remuneration paid to directors and the CEO

Remuneration paid to the directors and the Group CEO for FY2014 is as follows:

	Salary*	Directors' Fees	Bonus**	Total Remuneration
	%	%	%	%
Directors				
S$500,000 to below S$750,000				
Mah Weng Choong(1)	95.6	-	4.4	100.0
Below S$250,000				
Dato' Jaya J B Tan	-	100.0	-	100.0
Datuk Goi Seng Hui	-	100.0	-	100.0
Teo Chee Seng	-	100.0	-	100.0
John Lyn Hian Woon	-	100.0	-	100.0
Group CEO				
S$750,000 to below S$1,000,000				
Dato' Kamal Y P Tan	97.6	-	2.4	100.0

Notes :
* Inclusive of benefits in kind, allowances, ex-gratia and provident funds, where applicable.
** On receipt basis during FY2014.
(1) Mr Mah has relinquished as Group Chief Operating Officer on 30 June 2014 and was re-designated to Non-Executive Director on 1 July 2014.

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

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

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

Immediate family members of Directors

Ms Tan San May, the daughter of Dato' Kamal Y P Tan, the Group CEO, is employed by Eureka Capital Sdn Bhd, a subsidiary of the Group, as Chief Operating Officer (Bakery Division) and has received remuneration during FY2014 in that capacity. Her total remuneration for FY2014 was between S$50,000 and S$100,000, comprising 87.9% salary and 12.1% bonus.

Envictus Employee Share Option Scheme (ESOS)

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

Principle 10 : Accountability

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

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

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

Principle 11 : Risk Management and Internal Controls

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

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

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

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

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

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

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

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

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

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

Principle 12 : Audit Committee

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

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

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

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

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

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

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

- review and discuss with external auditors before the audit commences, the nature and scope of the audit to ensure co-ordination where more than one audit firm is involved;
- review audit plans and results of the audit performed by the external auditors and ensure adequacy of the Group's system of accounting controls;
- review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors;
- review the announcements of the financial results;
- review the effectiveness of 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 auditor of the Company and the audit fees.

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

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

For the year under review, the Group has accrued an aggregate amount of audit fees of RM676,674, comprising audit fees of RM206,360 paid to auditors of the Company; and RM417,547 and RM52,767 paid to other auditors for audit fees and non-audit service fees respectively. In compliance with Rule 1207(6) of the Listing Manual issued by Singapore Exchange Securities Trading Limited, the AC confirmed that it has undertaken a review of all non-audit services provided by the Auditors and they would not, in the AC's opinion, affect the independence of the Auditors.

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

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

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

Principle 13 : Internal Audit

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

Material non-compliance and internal control weaknesses noted during their audit and the auditors' recommendations are reported to the AC members. For FY2014, the Board with the concurrence of the AC, is of the view that the system of internal controls that has been maintained by Envictus' management throughout the financial year is adequate to meet the needs of Envictus having addressed the financial, operational and compliance risks. In an effort to further enhance and improve the Group's system of internal controls and risk management policies, internal audit will be carried out on companies within the group identified by the AC and deemed necessary. The internal audit will be outsourced by the Company.

Principle 14 : Shareholder rights

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

Principle 15 : Communication with Shareholders

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

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

Dividend Policy

The Company does not have an official dividend policy. The amount of dividends, if any declared, will depend on the factors that include the Group's profit level, cash position and future cash needs. For FY2014, the Company paid a special interim dividend of S$0.30 per share on 26 August 2014.

Principle 16 : Conduct of shareholders meetings

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

Material Contracts

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	3,464,512 (or approximately S$1,343,094)	-
Sensational Success Sdn Bhd - Purchase of packing materials	1,397,944 (or approximately S$541,941)	-
Motif Etika Sdn Bhd - Rental of office premises	924,000 (or approximately S$358,209)	-
Tee Yih Jia Food Manufacturing Pte Ltd - Purchase and sale of goods	522,215 (or approximately S$202,448)	-

Based on average exchange rate for the year ended 30 September 2014 of S$1 = RM2.5795

Dealings in Securities

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

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

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST for the financial year ended 30 September 2014.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 30 September 2014 and the statement of financial position of the Company as at 30 September 2014 and statement of changes in equity of the Company for the financial year ended 30 September 2014.

1. DIRECTORS

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

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

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Except as described in paragraph 5 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is 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.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of the Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), none of the Directors of the Company who held office at the end of the financial year had any interest in the shares or debentures of the Company and its related corporations except as detailed below:

	Shareholdings registered in the name of Directors and Nominees			Shareholdings in which Directors are deemed to have an interest		
	Balance as at 21.10.2014	**Balance as at 30.09.2014**	**Balance as at 01.10.2013**	**Balance as at 21.10.2014**	**Balance as at 30.09.2014**	**Balance as at 01.10.2013**
The Company			***Number of ordinary shares***			
Dato' Jaya J B Tan	95,987,364	95,987,364	90,856,364	97,951,072	97,951,072	92,931,072
Datuk Goi Seng Hui	-	-	-	77,000,000	77,000,000	77,000,000
Dato' Kamal Y P Tan	95,501,072	95,501,072	90,481,072	98,437,364	98,437,364	93,306,364
Mah Weng Choong	31,437,224	31,437,224	28,347,224	-	-	-
John Lyn Hian Woon	86,000	86,000	86,000	-	-	-
Teo Chee Seng	150,000	150,000	150,000	-	-	-

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

	Shareholdings registered in the name of Directors and Nominees		
	Balance as at 21.10.2014	**Balance as at 30.09.2014**	**Balance as at 01.10.2013**
The Company	***Number of options pursuant to Employee Share Options Scheme to subscribe for ordinary shares***		
Dato' Jaya J B Tan	2,100,000	2,100,000	6,000,000
Dato' Kamal Y P Tan	2,500,000	2,500,000	8,000,000
Mah Weng Choong	1,910,000	1,910,000	4,000,000

By virtue of Section 7 of the Act, Dato' Jaya J B Tan and Dato' Kamal Y P Tan are deemed to have interests in the shares of all the subsidiaries, directly and indirectly held by the Company, as at the beginning and end of the financial year.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the financial statements.

5. SHARE OPTIONS

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

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

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

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

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

Date of grant	Balance at 01.10.2013	Adjustment/ Granted	Exercised	Lapsed/ Cancelled	Balance at 30.09.2014	Exercise price	Exercise period
10.02.2010	7,912,000	-	(7,629,000)	-	283,000	S$0.164*	10.02.2012 to 09.02.2017
13.10.2010	21,230,000	-	(9,340,000)	-	11,890,000	S$0.400	13.10.2012 to 12.10.2017
	29,142,000	-	(16,969,000)	-	12,173,000		

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

5. SHARE OPTIONS (CONTINUED)

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

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

Name	Options adjusted/ granted during financial year	Aggregate options granted since commencement of the plan to 30.09.2014	Aggregate options exercised since commencement of the plan to 30.09.2014	Aggregate options exercised since commencement of the plan to 30.09.2013
Directors who are also controlling shareholders				
Dato' Kamal Y P Tan	-	8,000,000	5,500,000	-
Dato' Jaya J B Tan	-	6,000,000	3,900,000	-
Director				
Mah Weng Choong	-	4,000,000	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.

6. AUDIT COMMITTEE

The Audit Committee ("AC") comprises the following members, all of whom are Non-Executive Directors and a majority of whom, including the Chairman, are Independent Directors. The members of the AC during the financial year and at the date of this report are:

John Lyn Hian Woon (Chairman)
Teo Chee Seng
Dato' Jaya J B Tan

The AC meets periodically to perform the following functions:

a. review with the independent auditor on the audit plan;

b. review the consolidated financial statements of the Group, statement of financial position and statement of changes in equity of the Company, and the independent auditor's report on those financial statements, before submission to the Board of Directors for approval;

c. review the co-operation given by the management to the independent auditor;

d. consider the appointment and re-appointment of the independent auditor;

e. review and approve interested person transactions;

6. AUDIT COMMITTEE (CONTINUED)

f. review potential conflict of interests, if any;

g. 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

h. 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 AC has recommended to the Board of Directors, the nomination of BDO LLP, for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

7. BOARD OPINION ON THE ADEQUACY OF INTERNAL CONTROLS ADDRESSING FINANCIAL, OPERATIONAL AND COMPLIANCE RISKS

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.

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

While no system can provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities, the Management, in designing the controls, had taken into account the business risk, its likelihood of occurrence and the cost of protection.

8. INDEPENDENT AUDITOR

The independent auditor, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Dato' Jaya J B Tan
Non-Executive Chairman

Dato' Kamal Y P Tan
Group Chief Executive Officer

Singapore
5 December 2014

STATEMENT BY DIRECTORS

In the opinion of the Board of Directors of the Company,

(a) the accompanying 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 properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 September 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; 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.

On behalf of the Board of Directors

Dato' Jaya J B Tan
Non-Executive Chairman

Dato' Kamal Y P Tan
Group Chief Executive Officer

Singapore
5 December 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED
(FORMERLY KNOWN AS ETIKA INTERNATIONAL HOLDINGS LIMITED)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Envictus International Holdings Limited (formerly known as Etika International Holdings Limited) (the "Company") and its subsidiaries (the "Group") as set out on pages 54 to 131, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 September 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
5 December 2014

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current assets					
Property, plant and equipment	4	92,911	334,510	15	18
Prepaid lease payment for land	5	4,184	36,549	-	-
Investments in subsidiaries	6	-	-	2,203	39,335
Trade receivables	11	-	151	-	-
Available-for-sale financial assets	7	285	233	-	-
Deferred tax assets	8	3,622	13,660	-	-
Intangible assets	9	14,533	113,138	58	93
		115,535	498,241	2,276	39,446
Current assets					
Inventories	10	40,164	137,877	-	-
Trade and other receivables	11	106,912	151,096	234,444	164,045
Derivative financial instruments	18	-	53	-	-
Tax recoverable		788	6,118	28	-
Held-for-trading investments	12	16,202	-	16,202	-
Fixed deposits	13	-	6,088	-	-
Cash and bank balances	14	144,047	66,692	117,340	2,907
		308,113	367,924	368,014	166,952
Less:					
Current liabilities					
Trade and other payables	15	57,612	110,834	168,034	25,343
Bank borrowings	16	5,896	207,287	-	-
Finance lease payables	17	2,244	3,374	-	-
Derivative financial instruments	18	-	470	-	-
Current income tax payable		5,161	2,596	295	62
		70,913	324,561	168,329	25,405
Net current assets		237,200	43,363	199,685	141,547

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

		Group		Company	
	Note	2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Less:					
Non-current liabilities					
Other payables	15	-	2,295	-	-
Bank borrowings	16	156	236,354	-	-
Finance lease payables	17	5,571	6,985	-	-
Financial guarantee contracts	19	-	-	92	7,365
Deferred tax liabilities	20	3,182	22,378	-	-
		8,909	268,012	92	7,365
Net assets		343,826	273,592	201,869	173,628
Capital and reserves					
Share capital	21	111,406	98,470	111,406	98,470
Treasury shares	21	(183)	(183)	(183)	(183)
Foreign currency translation reserve	22	12,969	1,719	9,707	8,925
Fair value reserve	23	(547)	(453)	-	-
Share options reserve		9,507	9,507	9,507	9,507
Other reserve	24	(2,168)	(504)	-	-
Accumulated profits		215,782	164,470	71,432	56,909
Equity attributable to the owners of the Company		346,766	273,026	201,869	173,628
Non-controlling interests		(2,940)	566	-	-
Total equity		343,826	273,592	201,869	173,628

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

	Note	2014 RM'000	2013 RM'000 (Restated)
Continuing Operations			
Revenue	25	306,789	296,895
Cost of goods sold		(248,187)	(236,463)
Gross profit		58,602	60,432
Other operating income		38,513	1,647
Administrative expenses		(30,330)	(29,948)
Selling and marketing expenses		(38,827)	(39,165)
Warehouse and distribution expenses		(22,071)	(23,925)
Research and development expenses		(1,227)	(1,060)
Other operating expenses		(51,534)	(2,405)
Finance costs	26	(8,288)	(11,071)
Loss before income tax	27	(55,162)	(45,495)
Income tax expense	28	(17,191)	(1,893)
Loss from continuing operations, net of tax		(72,353)	(47,388)
Profit from discontinued operations, net of tax	29	610,021	52,488
Profit for the financial year		537,668	5,100
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial gains on defined benefit pension plans		-	86
Items that may be reclassified subsequently to profit or loss:			
Exchange differences:			
On translating foreign operations		3,797	5,355
Disposal of subsidiaries		7,453	-
Available-for-sale financial assets:			
Gain arising during the year		52	2
Disposal of subsidiaries		(146)	-
		11,156	5,357
Other comprehensive income		11,156	5,443
Total comprehensive income for the financial year		548,824	10,543

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

	Note	2014 RM'000	2013 RM'000 (Restated)
(Loss)/Profit attributable to:			
Owners of the Company			
- Loss from continuing operations, net of tax		(67,398)	(45,003)
- Profit from discontinued operations, net of tax		610,014	52,438
		542,616	7,435
Non-controlling interests		(4,948)	(2,335)
		537,668	5,100
Total comprehensive income attributable to:			
Owners of the Company			
- Loss from continuing operations, net of tax		(63,549)	(38,053)
- Profit from discontinued operations, net of tax		617,321	50,931
		553,772	12,878
Non-controlling interests		(4,948)	(2,335)
		548,824	10,543
(Loss)/Earnings per share attributable to owners of the Company	30		
Basic, continuing operations		(10.82) sen	(7.61) sen
Diluted, continuing operations		(10.82) sen	(7.55) sen
Basic, discontinued operations		97.97 sen	8.87 sen
Diluted, discontinued operations		97.93 sen	8.80 sen

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

	Note	Attributable to owners of the Company									
		Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Share options reserve	Other reserve	Accumulated profits	Total	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group 2014											
Balance at 1 October 2013		98,470	(183)	1,719	(453)	9,507	(504)	164,470	273,026	566	273,592
(Loss)/Profit for the year:											
Loss from continuing operations		-	-	-	-	-	-	(67,398)	(67,398)	(4,955)	(72,353)
Profit from discontinued operations		-	-	-	-	-	-	610,014	610,014	7	610,021
Other comprehensive income:											
Exchange differences:											
On translating foreign operations		-	-	3,797	-	-	-	-	3,797	-	3,797
Disposal of subsidiaries		-	-	7,453	-	-	-	-	7,453	-	7,453
Available-for-sale financial assets:											
Gain arising during the year		-	-	-	52	-	-	-	52	-	52
Disposal of subsidiaries		-	-	-	(146)	-	-	-	(146)	-	(146)
Total other comprehensive income/(loss)		-	-	11,250	(94)	-	-	-	11,156	-	11,156
Total comprehensive income/(loss) for the financial year		-	-	11,250	(94)	-	-	542,616	553,772	(4,948)	548,824
Issuance of ordinary shares	21	12,936	-	-	-	-	-	-	12,936	-	12,936
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	(1,664)	-	(1,664)	-	(1,664)
Acquisition of additional shares in a subsidiary by non-controlling interests		-	-	-	-	-	-	-	-	1,843	1,843
Disposal of subsidiaries		-	-	-	-	-	-	-	-	(401)	(401)
Dividends paid	31	-	-	-	-	-	-	(491,304)	(491,304)	-	(491,304)
Balance at 30 September 2014		111,406	(183)	12,969	(547)	9,507	(2,168)	215,782	346,766	(2,940)	343,826

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

	Note	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Share options reserve	Other reserve	Accumulated profits	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company									
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
2013											
Balance at 1 October 2012		57,064	(183)	(3,636)	(541)	9,507	-	165,659	227,870	2,996	230,866
(Loss)/Profit for the year:											
Loss from continuing operations		-	-	-	-	-	-	(45,003)	(45,003)	(2,385)	(47,388)
Profit from discontinued operations		-	-	-	-	-	-	52,438	52,438	50	52,488
Other comprehensive income:											
Exchange differences on translating foreign operations		-	-	5,355	-	-	-	-	5,355	-	5,355
Actuarial gains on defined benefit pension plans		-	-	-	86	-	-	-	86	-	86
Fair value gain on available-for-sale financial assets		-	-	-	2	-	-	-	2	-	2
Total other comprehensive income		-	-	5,355	88	-	-	-	5,443	-	5,443
Total comprehensive income/(loss) for the financial year		-	-	5,355	88	-	-	7,435	12,878	(2,335)	10,543
Issuance of ordinary shares	21	41,406	-	-	-	-	-	-	41,406	-	41,406
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	(250)	-	(250)	(1,021)	(1,271)
Acquisition of additional shares in a subsidiary without a change in control		-	-	-	-	-	(254)	-	(254)	-	(254)
Acquisition of additional shares in a subsidiary by non-controlling interests		-	-	-	-	-	-	-	-	926	926
Dividends paid	31	-	-	-	-	-	-	(8,624)	(8,624)	-	(8,624)
Balance at 30 September 2013		98,470	(183)	1,719	(453)	9,507	(504)	164,470	273,026	566	273,592

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

	Note	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
Company							
2014							
Balance at 1 October 2013		98,470	(183)	8,925	9,507	56,909	173,628
Profit for the year		-	-	-	-	505,827	505,827
Other comprehensive income:							
Exchange differences		-	-	782	-	-	782
Total other comprehensive income		-	-	782	-	-	782
Total comprehensive income for the financial year		-	-	782	-	505,827	506,609
Issuance of ordinary shares	21	12,936	-	-	-	-	12,936
Dividends paid	31	-	-	-	-	(491,304)	(491,304)
Balance at 30 September 2014		111,406	(183)	9,707	9,507	71,432	201,869
2013							
Balance at 1 October 2012		57,064	(183)	4,339	9,507	27,315	98,042
Profit for the year		-	-	-	-	38,218	38,218
Other comprehensive income:							
Exchange differences		-	-	4,586	-	-	4,586
Total other comprehensive income		-	-	4,586	-	-	4,586
Total comprehensive income for the financial year		-	-	4,586	-	38,218	42,804
Issuance of ordinary shares	21	41,406	-	-	-	-	41,406
Dividends paid	31	-	-	-	-	(8,624)	(8,624)
Balance at 30 September 2013		98,470	(183)	8,925	9,507	56,909	173,628

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

	Note	2014 RM'000	2013 RM'000 (Restated)
Cash flows from operating activities			
(Loss)/Profit before income tax from:			
- Continuing operations		(55,162)	(45,495)
- Discontinued operations		615,725	64,375
		560,563	18,880
Adjustments for:			
Allowance for doubtful receivables		1,805	3,616
Allowance for doubtful receivables no longer required, now written back		(994)	(916)
Amortisation of prepaid lease payment for land		604	904
Amortisation of intangible assets		477	458
Depreciation of property, plant and equipment		28,560	28,273
Foreign currency exchange loss, net		4,128	3,361
Gain on disposal of property, plant and equipment		(355)	(351)
Gain on disposal of subsidiaries	6	(573,276)	-
Gain on disposal of relevant intellectual property	9	(34,248)	-
Fair value gain arising from held-for-trading investments		(335)	-
Fair value (gain)/loss arising from derivative financial instruments		(420)	403
Interest income		(1,779)	(499)
Finance costs	26	20,441	27,256
Impairment of intangible assets		22,841	-
Allowance for write down of inventories		1,687	-
Impairment of property, plant and equipment		21,832	-
Inventories written off		2,978	4,190
Property, plant and equipment written off		91	6
Operating profit before working capital changes		54,600	85,581
Working capital changes:			
Inventories		(3,245)	(9,995)
Trade and other receivables		(25,014)	2,914
Trade and other payables		30,675	(5,495)
Cash generated from operations		57,016	73,005
Interest paid		(4,055)	(7,058)
Income tax paid, net		(8,482)	(11,026)
Net cash generated from operating activities		44,479	54,921

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

	Note	2014 RM'000	2013 RM'000 (Restated)
Cash flows from investing activities			
Acquisition of held-for-trading investments		(15,867)	-
Acquisition of non-controlling interests		(1,664)	(1,271)
Purchase of property, plant and equipment	4	(19,929)	(51,026)
Payment of prepaid lease for land	5	-	(5,683)
Purchase of intangible assets	9	(566)	(1,022)
Proceeds from disposal of property, plant and equipment		750	1,303
Net cash inflow from disposal of subsidiaries	6	649,769	-
Net cash inflow from disposal of relevant intellectual property	9	74,290	-
Interest received		1,779	499
Net cash generated from/(used in) investing activities		688,562	(57,200)
Cash flows from financing activities			
Dividends paid to shareholders	31	(491,304)	(8,624)
Proceeds from issuance of ordinary shares	21	12,936	41,406
Proceeds from issuance of additional shares to non-controlling interests		1,843	671
Interest paid		(16,386)	(20,198)
Net changes in fixed deposits pledged to banks		597	(200)
Proceeds from bank borrowings		260,328	459,291
Repayment of bank borrowings		(402,667)	(451,772)
Repayment of finance lease obligations		(3,718)	(3,412)
Net cash (used in)/generated from financing activities		(638,371)	17,162
Net change in cash and cash equivalents		94,670	14,883
Cash and cash equivalents at beginning of the financial year		49,356	34,180
Effect of exchange rate changes		21	293
Cash and cash equivalents at end of the financial year	14	144,047	49,356

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

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

1. GENERAL CORPORATE INFORMATION

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

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

The principal activities of the subsidiaries are set out in Note 6 to the financial statements. During the financial year, the Group disposed off its dairies and packaging businesses to an unrelated third party.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements are prepared in accordance with the provisions of the Singapore Companies Act, Cap. 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, 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 and the Company adopted all the new or revised FRS and INT FRS that are relevant to their operations and effective for the current financial year. Changes to the Group's and the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS 113 – Fair Value Measurement

FRS 113 provides a single source of guidance on fair value measurement and fair value disclosure requirements when fair value measurement and/or disclosure is required by other FRSs. It also provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope.

The adoption of FRS 113 does not have any material impact on any of the Group's fair value measurements, its financial position or financial performance. The Group has included the additional required disclosures in the financial statements. In line with the transitional requirements, FRS 113 has been adopted prospectively from 1 October 2013 and therefore comparative information has not been presented for the new disclosure requirements.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the following FRS and INT FRS which are potentially relevant to the Group and the Company that have been issued but not yet effective:

			Effective date (annual periods beginning on or after)
FRS 16 and FRS 38 (Amendments)	:	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
FRS 19 (Amendments)	:	Defined benefit plans: Employee contributions	1 July 2014
FRS 27 (Revised)	:	Separate financial statements	1 January 2014
FRS 27 (Amendments)	:	Equity method in separate financial statements	1 January 2016
FRS 28 (Revised)	:	Investments in associates and joint ventures	1 January 2014
FRS 32 (Amendments)	:	Offsetting financial assets and financial liabilities	1 January 2014
FRS 36 (Amendments)	:	Recoverable amount disclosures for non-financial assets	1 January 2014
FRS 39 (Amendments)	:	Novation of derivatives and continuation of hedge accounting	1 January 2014
FRS 110	:	Consolidated financial statements	1 January 2014
FRS 110, FRS 112 & FRS 27 (Amendments)	:	Investment entities	1 January 2014
FRS 111	:	Joint arrangements	1 January 2014
FRS 111 (Amendments)	:	Accounting for acquisitions of interests in joint operations	1 January 2016
FRS 112	:	Disclosure of interests in other entities	1 January 2014
FRS 114	:	Regulatory deferral accounts	1 January 2016
Improvement to FRSs 2014			
- FRS 16 (Amendments)	:	Property, plant and equipment	1 July 2014
- FRS 38 (Amendments)	:	Intangible assets	1 July 2014
- FRS 40 (Amendments)	:	Investment property	1 July 2014
- FRS 102 (Amendments)	:	Shared-based payment	1 July 2014
- FRS 103 (Amendments)	:	Business combinations	1 July 2014
- FRS 108 (Amendments)	:	Operating segments	1 July 2014
- FRS 113 (Amendments)	:	Fair value measurement	1 July 2014
Interpretations of FRSs			
- INT FRS 121	:	Levies	1 January 2014

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)

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

Management anticipates that the adoption of the above FRS and INT FRS in future periods will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption, except as disclosed below:

FRS 32 (Amendments) Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 32 clarify the guidance on criteria that an entity currently has a legally enforceable right to set-off financial assets and financial liabilities; and criteria that an entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. These changes will take effect from the financial year beginning on or after 1 January 2014.

The Group does not expect the adoption of the amendments to result in changes to the situations in which financial assets and liabilities are currently offset and hence does not expect any impact on its financial position or financial performance.

FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12, Consolidation – Special Purpose Entities. FRS 110 defines the principle of control and establishes a new control model as the basis for determining which entities are consolidated in the consolidated financial statements. FRS 27 remains as a standard applicable only to separate financial statements. On adoption of FRS 110, management will be required to exercise more judgement than under the current requirements of FRS 27 in order to determine which entities are controlled by the Group. These changes will take effect from the financial year beginning on 1 October 2014 with full retrospective application.

The Group anticipates that no material impact to the financial position and financial performance of the Group on initial adoption of the standard in the financial year beginning on 1 October 2014.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is a new standard which prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to provide more extensive disclosures regarding the nature of any risks associated with its interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. As this is a disclosure standard, there will be no impact on the financial position or financial performance of the Group on initial adoption of the standard in the financial year beginning on 1 October 2014.

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 power to govern the financial and operating policies, generally accompanying a shareholding giving rise to a majority of the voting rights so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

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 is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

Non-controlling interests in the acquiree 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 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, 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 investment 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 jointly controlled entity.

Investments in subsidiaries are stated at cost less any accumulated impairment loss that has been recognised in the statement of comprehensive income.

2.3 Business combination

Business combination from 1 October 2009

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

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

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of comprehensive income. Amounts arising from interests in the acquirer 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combination (Continued)

Business combination from 1 October 2009 (Continued)

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 previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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

Business combination before 30 September 2009

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

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

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

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

2.4 Property, plant and equipment

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

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

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

On disposal of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount is recognised in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (Continued)

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
Factory buildings	40 – 50
Plant and machinery	7.5 – 20
Cold room and freezer	10
Lab equipment	5 – 10
Furniture and fittings	10 – 20
Store equipment	5
Renovation	5 – 10
Motor vehicles	5 – 6.25
Office equipment	3 – 10
Computer system	5

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

No depreciation is provided on freehold land.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The residual values, useful lives and depreciation method of property, plant and equipment are reviewed at the end of each financial year to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and the expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

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 consolidated statement of comprehensive income.

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

2.5 Intangible assets

(i) Goodwill

Goodwill arising on the acquisition on subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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

(ii) Patents and trademarks

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets (Continued)

(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.

(vi) 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.

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.

2.6 Impairment of non-financial assets

Non-financial assets other than goodwill

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of non-financial assets (Continued)

Non-financial assets other than goodwill (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 unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss recognised in the consolidated statement of comprehensive income in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill

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

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

2.7 Inventories

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

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

Net realisable value is the estimated selling price 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 comprise cash on hand and demand deposits 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 deposits less bank overdrafts and fixed deposits pledged.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets

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

The Group and the Company classify 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 purpose of which the assets were acquired. Management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the financial year where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within “trade and other receivables excluding prepayments and advances to suppliers”, “fixed deposits” and “cash and bank balances” on the statements of financial position.

(ii) Financial assets at fair value through profit or loss (“FVTPL”)

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

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

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

FVTPL are stated at fair value, with any resultant gain or loss recognised in the consolidated statement of comprehensive income.

(iii) Available-for-sale financial assets

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.

On sale of a financial asset, the difference between the carrying amount and the sale proceeds 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 of allocating 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. 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 and the Company 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 and the Company 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 either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in the consolidated statement of comprehensive income, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

(ii) Available-for-sale financial assets

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

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.

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 redemption value 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 guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the consolidated statement of comprehensive income over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the consolidated statement of comprehensive income.

(iv) Foreign currency forward contracts

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign currency forward contracts.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. Fair value changes are recognised in the consolidated statement of comprehensive income when the changes arise. Derivative financial instruments are classified as a current asset or a current liability.

Recognition and derecognition

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

Financial liabilities are derecognised 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Equity instruments and treasury shares

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

When share capital recognised as equity is repurchased (“treasury shares”), the 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 accumulated profits of the Company if the shares are purchased out of profits 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.

2.12 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, and are discounted to present value where the effect is material. The expense relating to any provision is recognised in the consolidated statement of comprehensive income.

2.13 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 discounts and sales related taxes. The Group’s revenue is in respect of external transactions only.

Sale of goods

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

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.

2.14 Research costs

Research costs are recognised as expenses when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 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. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the financial year.

2.16 Leases

When the Group is the lessee of a finance lease

Leases in which the Group assume substantially the risks and rewards of ownership 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 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. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease 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.

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 lease (net of any incentives received from the lessor) are recognised in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

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

Prepaid lease payment

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

2.17 Borrowing costs

Borrowing costs are recognised in the consolidated statement of comprehensive income using the effective interest method except for those costs that are directly attributable to the construction or the 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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 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 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 in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Income tax (Continued)

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 tax 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.

2.19 Discontinued operations

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

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 translated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated 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 re-translated.

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company and the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the financial year. Income and expense items 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 of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in the consolidated statement of comprehensive income in the financial year in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

(i) Impairment of investments in subsidiaries and financial assets

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

Management's assessment for impairment of investments in subsidiaries is based on the estimation of value in use of the cash-generating unit ("CGU") by forecasting the expected future cash flows for a period of up to five years, using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of investments in subsidiaries at 30 September 2014 was approximately RM2,203,000 (2013: RM39,335,000).

(ii) Patents and trademarks

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

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

3.1 Critical judgements made in applying the accounting policies (Continued)

(iii) Determination of functional currency

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

3.2 Key sources of estimation uncertainty

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

(i) Impairment of goodwill and patents and trademarks

The management determines whether goodwill and patents and trademarks are impaired at least on an annual basis and as and when there is an indication that goodwill and patents and trademarks may be impaired. This requires an estimation of the value in use of patents and trademarks 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 and patents and trademarks as at 30 September 2014 were approximately RM4,042,000 and RM8,111,000 (2013: RM60,183,000 and RM50,512,000), respectively.

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

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 50 years. The carrying amounts of the Group's and the Company's property, plant and equipment as at 30 September 2014 were approximately RM92,911,000 and RM15,000 (2013: RM334,510,000 and RM18,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised.

(iii) Income taxes

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

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

3.2 Key sources of estimation uncertainty (Continued)

(iii) Income taxes (Continued)

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 for Group and Company as at 30 September 2014 were approximately RM5,161,000 and RM295,000 (2013: RM2,596,000 and RM62,000) and the carrying amounts of deferred tax assets, tax recoverable and deferred tax liabilities for Group and Company as at 30 September 2014 are as disclosed in the statements of financial position.

(iv) Allowance for doubtful receivables

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

The carrying amounts of the Group's and the Company's trade and other receivables excluding prepayments and advances to suppliers as at 30 September 2014 were approximately RM101,130,000 and RM234,438,000 (2013: RM140,738,000 and RM164,045,000), respectively.

(v) Inventories and related allowance

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" method. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 30 September 2014 was approximately RM40,164,000 (2013: RM137,877,000).

4. PROPERTY, PLANT AND EQUIPMENT

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

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land	Factory buildings	Plant and machinery	Cold room and freezer	Lab equipment	Furniture and fittings	Renovation	Motor vehicles	Office equipment	Computer system	Assets under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group												
2013												
Cost												
Balance at 1 October 2012	39,603	68,506	182,678	3,779	1,028	3,344	2,064	15,342	3,962	1,962	57,722	379,990
Additions	-	1,716	23,665	1,885	709	1,404	4,685	4,159	3,750	219	14,331	56,523
Currency realignment	-	(348)	217	-	4	32	(41)	(11)	(127)	52	(1,467)	(1,689)
Reclassification	-	18,914	36,817	338	154	387	5,582	(84)	32	-	(62,140)	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	(3)	-	-	(3)
Disposals	(600)	-	(1,143)	(6)	-	(79)	-	(899)	(100)	-	-	(2,827)
Written off	-	-	(15)	(90)	(3)	(54)	-	(102)	(366)	-	-	(630)
Balance at 30 September 2013	39,003	88,788	242,219	5,906	1,892	5,034	12,290	18,405	7,148	2,233	8,446	431,364
Accumulated depreciation												
Balance at 1 October 2012	-	8,077	50,736	774	898	1,104	678	6,220	1,746	1,198	-	71,431
Depreciation for the financial year	-	2,809	19,639	539	200	587	409	3,101	839	150	-	28,273
Currency realignment	-	(242)	(170)	-	(7)	47	(17)	25	(21)	34	-	(351)
Reclassification	-	-	-	-	-	3	-	-	(3)	-	-	-
Disposals	-	-	(1,062)	(1)	-	(79)	-	(636)	(97)	-	-	(1,875)
Written off	-	-	(12)	(90)	(1)	(54)	-	(102)	(365)	-	-	(624)
Balance at 30 September 2013	-	10,644	69,131	1,222	1,090	1,608	1,070	8,608	2,099	1,382	-	96,854
Carrying amount												
Balance at 30 September 2013	39,003	78,144	173,088	4,684	802	3,426	11,220	9,797	5,049	851	8,446	334,510

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computer system RM'000
Company	
2014	
Cost	
Balance at 1 October 2013	109
Currency realignment	(1)
Balance at 30 September 2014	108
Accumulated depreciation	
Balance at 1 October 2013	91
Depreciation for the financial year	3
Currency realignment	(1)
Balance at 30 September 2014	93
Carrying amount	
Balance at 30 September 2014	15
2013	
Cost	
Balance at 1 October 2012	102
Additions	4
Currency realignment	3
Balance at 30 September 2013	109
Accumulated depreciation	
Balance at 1 October 2012	83
Depreciation for the financial year	5
Currency realignment	3
Balance at 30 September 2013	91
Carrying amount	
Balance at 30 September 2013	18

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

	2014 RM'000	2013 RM'000
Additions of property, plant and equipment	24,686	56,523
Acquired under finance lease	(4,757)	(5,497)
Cash payments made to acquire property, plant and equipment	19,929	51,026

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In previous year, freehold land, factory buildings and plant and machinery of the Group with a total carrying amount of approximately RM160,179,000 had been pledged to financial institutions for banking facilities granted to certain subsidiaries as disclosed in Note 16 to the financial statements.

As at the end of the financial year, the carrying amount of property, plant and equipment pledged to the financial institutions amounted to RM28,138,000 although the bank borrowings were settled during the financial year.

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

	Group	
	2014	2013
	RM'000	RM'000
Carrying amount		
Plant and machinery	347	404
Motor vehicles	3,470	8,609
Office equipment	-	680
Store equipment	4,649	-
Computer system	-	182
Renovation	-	1,714
	8,466	11,589

Assets under construction represent costs of the assets work-in-progress. In previous year, included in the additions was borrowing cost capitalised of approximately RM8,000, which was calculated at effective interest rate of 8.1%.

As at 30 September 2014, information relating to the Group's freehold properties are as follows:

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
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/Office	1,560	2,976
Lot 1237 & 1238, Jalan Makloom, Penang, 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/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

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 30 September 2014, information relating to the Group's freehold properties are as follows: (Continued)

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
Others Divisions				
Lot 17225, Jalan Haruan 6, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan, Malaysia	Industrial land	Factory building	64,810	29,550
PT 4974, Jalan Haruan 8, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan, Malaysia	Industrial land	Factory building	53,346	36,258

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

5. PREPAID LEASE PAYMENT FOR LAND

	Group	
	2014	2013
	RM'000	RM'000
Cost		
Balance at 1 October	38,367	32,542
Addition	-	5,683
Disposal of subsidiaries	(34,124)	-
Currency realignment	(59)	142
Balance at 30 September	4,184	38,367
Accumulated amortisation		
Balance at 1 October	1,818	903
Amortisation for the financial year	604	904
Disposal of subsidiaries	(2,481)	-
Currency realignment	59	11
Balance at 30 September	-	1,818
Carrying amount		
Balance at 30 September	4,184	36,549

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

In previous year, prepaid lease payment for land of the Group with a carrying amount of approximately RM29,121,000 had been pledged to financial institutions for banking facilities granted to certain subsidiaries as disclosed in Note 16 to the financial statements.

Due to the settlement of the bank borrowings by the Group during the financial year, charges on prepaid lease payment for land with a carrying amount of approximately RM4,184,000 has been discharged during the financial year.

5. PREPAID LEASE PAYMENT FOR LAND (CONTINUED)

As at 30 September 2014, information relating to the Group's prepaid lease payment for land is as follows:

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

6. INVESTMENTS IN SUBSIDIARIES

6.1 Investments in subsidiaries comprise:

	Company	
	2014 RM'000	2013 RM'000
Unquoted equity shares in corporations, at cost	1,600	27,741
Issuance of financial guarantee contracts	92	7,717
Issuance of share options to Group's employees	511	3,877
	2,203	39,335

6.2 Particulars of subsidiaries

Name of company (Country of incorporation/operation)	Principal activities	Effective equity held by the Group 2014 %	Effective equity held by the Group 2013 %
Held by the Company			
Polygold Beverages Sdn Bhd (formerly known as Etika Beverages Sdn Bhd)[2] (Malaysia)	Manufacturing and distribution of beverage products	100	100
Polygold Holdings Sdn Bhd (formerly known as Etika Industries Holdings Sdn Bhd)[2] (Malaysia)	Investment holding	100	100
Envictus Brands Pte Ltd (formerly known as Etika Brands Pte Ltd)[1][8] (Singapore)	Collecting royalties for the brands that it owns	100	100
Envictus Capital (Labuan) Inc. (formerly known as Etika Capital (Labuan) Inc.)[2][8] (Malaysia)	Intra-group lending and investment holding	100	100
Etika Dairies Sdn Bhd[7] (Malaysia)	Manufacturing of dairy products	-	100

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/operation)	Principal activities	Effective equity held by the Group 2014 %	2013 %
Held by the Company (Continued)			
Envictus Foods International Inc. (formerly known as Etika Foods International Inc.)[2][8] (Malaysia)	Investment holding	100	100
Envictus Foods (M) Sdn Bhd (formerly known as Etika Foods (M) Sdn Bhd)[2] (Malaysia)	Investment holding	100	100
Etika Foods Marketing Sdn Bhd[7] (Malaysia)	Distribution of dairy products (local market)	-	100
Etika Foods (Singapore) Pte Ltd[7] (Singapore)	Investment holding	-	100
Etika Global Resources Sdn Bhd[7] (Malaysia)	Distribution of dairy products (export market)	-	100
Envictus IT Services Sdn Bhd (formerly known as Etika IT Services Sdn Bhd)[2] (Malaysia)	IT service	100	100
Envictus NZ Limited (formerly known as Etika (NZ) Limited)[3][8] (New Zealand)	Investment holding	100	100
Etika Vixumilk Pte Ltd[7] (Singapore)	Investment holding	-	100
Eureka Capital Sdn Bhd[2] (Malaysia)	Providing management services	100	100
Golden Difference Sdn Bhd[7] (Malaysia)	Investment holding	-	100
Platinum Appreciation Sdn Bhd[2] (Malaysia)	Investment holding	100	100
PT Etika Indonesia[7] (Indonesia)	Investment holding	-	100
PT Etika Marketing[7] (Indonesia)	Investment holding and manufacturing of daily products	-	100
Glenland Sdn Bhd[9] (Malaysia)	Investment holding	100	-

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/operation)	Principal activities	Effective equity held by the Group 2014 %	Effective equity held by the Group 2013 %
Held by the subsidiaries			
- Envictus Capital (Labuan) Inc.			
PT Sentrafood Indonusa[4][5] (Indonesia)	Manufacturing and distribution of instant noodle	100	100
- Envictus Foods (M) 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
Hot Bun Food Industries Sdn Bhd[2] (Malaysia)	Dormant	100	100
Pok Brothers Sdn Bhd[2] (Malaysia)	Wholesalers of foodstuff, provision and frozen meat	100	100
- Etika Foods (Singapore) Pte Ltd			
Etika Foods (Vietnam) Co., Ltd[7] (Vietnam)	Dormant	-	100
- Polygold Holdings Sdn Bhd			
General Packaging Sdn Bhd[7] (Malaysia)	Manufacturing and distribution of tin cans	-	99
Polygold Marketing Sdn Bhd[2] (Malaysia)	Marketing and distribution of food and beverage products	100	-
Polygold Foods Sdn Bhd[2] (Malaysia)	Dormant	100	-

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/operation)	Principal activities	Effective equity held by the Group 2014 %	Effective equity held by the Group 2013 %
Held by the subsidiaries (Continued)			
- Envictus NZ Limited			
Envictus Dairies NZ Limited (formerly known as Etika Dairies NZ Limited)(3)(8) (New Zealand)	Manufacturing of dairies and water based products	72.3	63.4
Naturalac Nutrition Limited(3) (New Zealand)	Marketing of branded sport nutrition and weight management foods	100	100
Naturalac Nutrition (UK) Limited(6) (United Kingdom)	Dormant	100	100
- Etika Vixumilk Pte Ltd			
Tan Viet Xuan Production Joint Stock Company(7) (Vietnam)	Manufacturing and distribution of dairy products	-	100
- Golden Difference Sdn Bhd			
Etika Consumer Sdn Bhd(7) (Malaysia)	Trading and distribution of fast moving consumer goods	-	100
Susu Lembu Asli (Johore) Sdn Bhd(7) (Malaysia)	Processing and distribution of pasteurised milk and related products	-	100
Susu Lembu Asli Marketing Sdn Bhd(7) (Malaysia)	Distribution and marketing of pasteurised milk and related products	-	100
- Pok Brothers Sdn Bhd			
De-luxe Food Services Sdn Bhd(2) (Malaysia)	Manufacturing of convenient value added frozen food	100	100
Pok Brothers (Johor) Sdn Bhd(2) (Malaysia)	Wholesalers of foodstuff, provision and frozen meat	100	100
Pok Brothers (Selangor) Sdn Bhd(2) (Malaysia)	Dormant	100	100

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/operation)	Principal activities	Effective equity held by the Group 2014 %	Effective equity held by the Group 2013 %
Held by the subsidiaries (Continued)			
- Platinum Appreciation Sdn Bhd			
Texas Chicken (Malaysia) Sdn Bhd[2] (Malaysia)	Quick service restaurant	100	100
- PT Etika Marketing			
PT Vixon Indonesia[7] (Indonesia)	Wholesale and distribution of imported foods and beverages	-	100
- PT Etika Indonesia			
PT Sentraboga Intiselera[7] (Indonesia)	Leasing of land to a related company	-	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 BDO Tanubrata Sutanto Fahmi & Rekan, Indonesia, a member firm of BDO International Limited.
(5) Envictus Capital (Labuan) Inc. and Envictus Foods International Inc. hold 68% and 32% respectively.
(6) Exempted from audit under Section 480 of the Companies Act 2006 (United Kingdom) relating to dormant company.
(7) These subsidiaries have been disposed off on 30 June 2014.
(8) Subsequent to the financial year, these subsidiaries have changed their company name.
(9) As at 30 September 2014, this subsidiary has not been subjected to audit as the first audited financial statement will be prepared within eighteen months from its incorporation date. The audit will be done in financial year 2015.

6.3 Additional investment in subsidiaries in financial year 2014

(i) On 27 February 2014, a wholly owned subsidiary, Envictus NZ Limited, which held 63.4% equity interest in Envictus Dairies NZ Limited ("EDNZ"), had subscribed for an additional 1,936,768 new ordinary shares in the share capital of EDNZ pursuant to a right issue exercise undertaken by EDNZ at an issue price of NZ$1 per share or a total subsription amount of NZ$1,936,768 (equivalent to approximately RM4,943,000), thereby increasing the effective shareholding of the Group in EDNZ to 72.3%.

(ii) On 1 July 2014, the Group acquired two shelf companies, namely Polygold Foods Sdn Bhd ("PFSB") and Polygold Marketing Sdn Bhd ("PMSB"), by subscribing to 2 new ordinary shares each in the capital of PFSB and PMSB at an issue price of RM1 per share or a total subscription amount of RM2 for each entity. PFSB's principal activity is manufacturing of food products whereas PMSB will do marketing and distribution of food and beverage products.

(iii) On 3 September 2014, the Group acquired a shelf company, namely Glenland Sdn Bhd ("GSB") by subscribing to 2 new ordinary shares in the capital of GSB at an issue price of RM1 per share or a total subscription amount of RM2. GSB's principal activity is investment holding.

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.4 Disposal of subsidiaries in the financial year 2014

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

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

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

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

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

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.4 Disposal of subsidiaries in the financial year 2014 (Continued)

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

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

For further disclosures of discontinued operations, please refer to Note 29 to the financial statements.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2014 RM'000	2013 RM'000
At fair value		
Balance at 1 October	233	231
Fair value gain recognised directly in other comprehensive income	52	2
Balance at 30 September	285	233

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

8. DEFERRED TAX ASSETS

	Group 2014 RM'000	Group 2013 RM'000
Balance at 1 October	13,660	12,789
Currency realignment	(693)	(1,033)
Recognised in consolidated statement of comprehensive income	(8,185)	1,904
Disposal of subsidiaries	(1,160)	-
Balance at 30 September	3,622	13,660

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				
Balance at 1 October 2012	119	11,312	1,358	12,789
Currency realignment	35	(719)	(349)	(1,033)
Recognised in consolidated statement of comprehensive income	418	1,045	441	1,904
Balance at 1 October 2013	572	11,638	1,450	13,660
Currency realignment	(124)	(417)	(152)	(693)
Recognised in consolidated statement of comprehensive income	240	(7,731)	(694)	(8,185)
Disposal of subsidiaries	(326)	(625)	(209)	(1,160)
Balance at 30 September 2014	362	2,865	395	3,622

Deferred tax assets not recognised

	Group 2014 RM'000	Group 2013 RM'000
Balance at 1 October	9,910	9,056
Deferred tax assets not recognised during the financial year	7,388	1,115
Balance at 30 September	17,298	10,171

At the end of the financial year, the above deferred tax assets not recognised comprises unutilised tax losses and other temporary differences of approximately RM39,640,000 (2013: RM36,224,000) and RM29,553,000 (2013: RM4,460,000) respectively and are available for set-off against future taxable profits. No deferred tax asset has been recognised in respect of these items due to the unpredictability of the profit streams. The unutilised tax losses are subject to agreement by relevant tax authorities. These deductible temporary differences do not expire under current tax legislation.

9. INTANGIBLE ASSETS

	Goodwill RM'000	Patents and trademarks RM'000	Product licences RM'000	Computer software RM'000	Franchise fees RM'000	Total RM'000
Group						
2014						
Cost						
Balance at 1 October 2013	60,183	50,512	7	1,876	1,876	114,454
Additions	-	-	-	47	519	566
Disposals	-	(40,042)	-	-	-	(40,042)
Disposal of subsidiaries	(45,333)	9,592	(7)	(747)	-	(36,495)
Currency realignment	82	-	-	(2)	-	80
Balance at 30 September 2014	14,932	20,062	-	1,174	2,395	38,563
Accumulated amortisation						
Balance at 1 October 2013	-	-	7	1,134	175	1,316
Amortisation for the financial year	-	-	-	280	197	477
Disposal of subsidiaries	-	-	(7)	(597)	-	(604)
Balance at 30 September 2014	-	-	-	817	372	1,189
Impairment						
Impairment for the financial year	10,890	11,951	-	-	-	22,841
Carrying amount						
Balance at 30 September 2014	4,042	8,111	-	357	2,023	14,533
2013						
Cost						
Balance at 1 October 2012	59,741	50,512	8	1,745	982	112,988
Additions	-	-	-	128	894	1,022
Currency realignment	442	-	(1)	7	-	448
Write off	-	-	-	(7)	-	(7)
Transfer from property, plant and equipment	-	-	-	3	-	3
Balance at 30 September 2013	60,183	50,512	7	1,876	1,876	114,454
Accumulated amortisation						
Balance at 1 October 2012	-	-	8	836	18	862
Amortisation for the financial year	-	-	-	301	157	458
Currency realignment	-	-	(1)	4	-	3
Write off	-	-	-	(7)	-	(7)
Balance at 30 September 2013	-	-	7	1,134	175	1,316
Carrying amount						
Balance at 30 September 2013	60,183	50,512	-	742	1,701	113,138

9. INTANGIBLE ASSETS (CONTINUED)

	Computer software	
	2014	2013
	RM'000	RM'000
Company		
Cost		
Balance at 1 October	229	222
Currency realignment	(2)	7
Balance at 30 September	227	229
Accumulated amortisation		
Balance at 1 October	136	98
Amortisation for the financial year	34	33
Currency realignment	(1)	5
Balance at 30 September	169	136
Carrying amount		
Balance at 30 September	58	93

During the financial year, the Group through its subsidiary, had paid a franchise fee in relation to territory and new stores of RM290,000 (2013: RM609,000) and RM229,000 (2013: RM285,000) respectively, which is in accordance with the International Multiple Unit Franchise Agreement to develop and operate "Texas Chicken" restaurants over 10 to 20 years in Malaysia.

Product licenses are licenses for dairy products and are amortised over their useful life of 5 years.

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

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

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

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

9. INTANGIBLE ASSETS (CONTINUED)

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

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

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

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

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

(a) Dairies Division (Discontinued operations);
(b) Trading and Frozen Food Division;
(c) Nutrition Division; and
(d) Others Division.

	Dairies RM'000	Trading and Frozen Food RM'000	Nutrition RM'000	Others RM'000	Total RM'000
2014					
Carrying amount					
Goodwill	-	4,042	-	-	4,042
Patents and trademarks	-	-	8,111	-	8,111
Computer software	-	299	-	58	357
Franchise fees	-	-	-	2,023	2,023
	-	4,341	8,111	2,081	14,533
2013					
Carrying amount					
Goodwill	43,486	6,062	8,788	1,847	60,183
Patents and trademarks	29,350	10,588	8,111	2,463	50,512
Computer software	195	448	-	99	742
Franchise fees	-	-	-	1,701	1,701
	73,031	17,098	16,899	6,110	113,138

9. INTANGIBLE ASSETS (CONTINUED)

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by Directors for periods covering a 5-year period. The management has considered and determined the factors applied in the financial budgets which include budgeted gross margins, pre-tax discount rates and estimated growth rates. The budgeted gross margins are based on past performance and the average growth rates and discount rates used are based on management's best estimate. Key assumptions used for value in use calculations are as follows:

	Dairies	Trading and Frozen Food	Nutrition	Others
	%	%	%	%
2014				
Gross margin[(1)]	-	19.19	38.31	25.33
Growth rate[(2)]	-	13.15	23.27	17.00
Discount rate[(3)]	-	7.89	13.63	7.18
2013				
Gross margin[(1)]	18.07	20.17	39.00	42.66
Growth rate[(2)]	17.93	17.40	14.50	42.11
Discount rate[(3)]	8.73	7.66	13.50	9.52

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

Sensitivity to changes in assumptions

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

The Horleys trademark with a carrying amount of approximately RM8,111,000 (2013: RM8,111,000) has been pledged to financial institutions for banking facilities granted to a subsidiary as disclosed in Note 16 to the financial statements.

10. INVENTORIES

	Group	
	2014	2013
	RM'000	RM'000
Finished goods	34,330	69,824
Raw materials	3,242	57,363
Packaging materials	3,249	6,189
Work in progress	109	216
Consumables	921	3,449
Goods-in-transit	-	836
	41,851	137,877
Allowance for write down of inventories	(1,687)	-
	40,164	137,877

10. INVENTORIES (CONTINUED)

The cost of inventories recognised as an expense and included in "cost of goods sold" in the consolidated statement of comprehensive income amounted to RM237,243,000 (2013: RM209,882,000).

The allowance provided during the financial year of RM1,687,000 (2013: Nil) pertains to the slow moving inventories.

As at the end of the financial year, the Group's inventories with a carrying amount of approximately RM5,992,000 (2013: RM7,643,000) is subject to a floating charge for the banking facilities granted to a subsidiary (Note 16).

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current receivables				
Trade receivables	45,097	149,525	-	-
Allowance for doubtful trade receivables	(4,602)	(13,325)	-	-
	40,495	136,200	-	-
Other receivables	58,316	1,661	57,741	127
Allowance for doubtful other receivables	(42)	(316)	-	-
	58,274	1,345	57,741	127
Prepayments	2,354	8,454	6	-
Deposits	2,361	3,042	44	45
Advances to suppliers	3,428	2,055	-	-
	8,143	13,551	50	45
Due from subsidiaries				
- non-trade	-	-	218,637	163,873
Allowance for doubtful debts	-	-	(41,984)	-
	-	-	176,653	163,873
	106,912	151,096	234,444	164,045
Non-current receivables				
Trade receivables	-	70	-	-
Deposit	-	81	-	-
	-	151	-	-
	106,912	151,247	234,444	164,045

The trade amounts owing by third parties are repayable within the normal trade credit terms of 30 to 60 days (2013: 30 to 120 days). In the opinion of the management, based on the review of the trade receivables, including balances that are outstanding for more than 60 days, allowance for doubtful receivables as at 30 September 2014 is adequate.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Other receivables comprise mainly the adjustment amount of the sale consideration receivable in relation to the disposal of certain subsidiaries (Note 6). The amount has been received subsequent to the financial year.

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

In previous year, the non-current trade receivables pertained to several third-party customers amounting to approximately RM70,000 which were paid through installments over periods of 2 to 10 years. The amortised cost recognised in the consolidated statement of comprehensive income in the previous year amounted to approximately RM5,000.

Movements in allowance for doubtful trade receivables:

	Group	
	2014	2013
	RM'000	RM'000
Balance at 1 October	13,325	12,597
Currency realignment	(131)	(337)
Allowance made during the financial year	1,763	3,418
Write back of allowance no longer required	(994)	(916)
Bad receivables written off against allowance	(2,944)	(1,437)
Disposal of subsidiaries	(6,417)	-
Balance at 30 September	4,602	13,325

Allowance for doubtful trade receivables arose mainly from customers who have difficulty in settling the amount due. Write back of allowance no longer required is due to amount either recovered during the financial year or has been reassessed as recoverable.

Movements in allowance for doubtful other receivables:

	Group	
	2014	2013
	RM'000	RM'000
Balance at 1 October	316	113
Currency alignment	2	5
Allowance made during the financial year	42	198
Bad receivables written off against allowance	(318)	-
Balance at 30 September	42	316

During the financial year, the Company has provided allowance for doubtful receivables amount due from subsidiaries of RM41,984,000 (2013: Nil) due to the continuous losses incurred by the concerned subsidiaries which may result to their inability to settle the receivables.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables excluding prepayments and advances to suppliers are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	36,626	105,258	90,885	51,704
Singapore Dollar	290	4,780	37,337	49,111
United States Dollar	58,116	14,708	78,472	36,736
Indonesian Rupiah	223	4,409	-	8,196
New Zealand Dollar	2,857	3,437	23,592	11,012
Australian Dollar	3,018	5,359	-	-
Euro	-	-	4,152	7,272
Vietnamese Dong	-	2,787	-	14
	101,130	140,738	234,438	164,045

12. HELD-FOR-TRADING INVESTMENTS

	Group and Company	
	2014	2013
	RM'000	RM'000
Quoted equity securities, at fair value	16,202	-

The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

The quoted equity securities are denominated in the following currencies:

	Group and Company	
	2014	2013
	RM'000	RM'000
Singapore Dollar	14,595	-
United States Dollar	1,607	-
	16,202	-

13. FIXED DEPOSITS

In previous year, fixed deposits are placed for a period of 1 month to 12 months and the effective interest rates on the fixed deposits ranged from 1.2% to 6.9% per annum. Out of the total fixed deposits, RM597,000 was pledged as security for the banking facilities granted to its subsidiaries (Note 16).

Fixed deposits are denominated in the following currencies:

	Group	
	2014	2013
	RM'000	RM'000
Ringgit Malaysia	-	597
United States Dollar	-	2,438
Vietnamese Dong	-	3,053
	-	6,088

14. CASH AND BANK BALANCES

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	47,527	55,043	27,833	454
Singapore Dollar	5,438	3,760	5,327	1,163
United States Dollar	83,613	3,935	83,457	-
New Zealand Dollar	2,609	1,037	723	1,290
Australian Dollar	752	444	-	-
Indonesian Rupiah	4,107	632	-	-
Vietnamese Dong	1	1,841	-	-
	144,047	66,692	117,340	2,907

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	144,047	66,692	117,340	2,907
Fixed deposits	-	6,088	-	-
Bank overdraft (Note 16)	-	(22,827)	-	-
	144,047	49,953	117,340	2,907
Pledged fixed deposits (Note 13)	-	(597)		
Cash and cash equivalents, per consolidated statement of cash flows	144,047	49,356		

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Trade payables	15,508	64,219	-	-
Other payables	23,765	17,587	222	296
Customers' deposits	3,258	3,185	-	-
Accruals	15,081	25,843	5,997	2,479
Due to subsidiaries – non-trade	-	-	161,815	22,568
	57,612	110,834	168,034	25,343
Non-current liabilities				
Other payables	-	2,295	-	-
	57,612	113,129	168,034	25,343

The trade amounts are repayable within the normal trade credit terms of 7 days to 90 days (2013: 7 days to 120 days).

Current portion of other payables comprise mainly other operating expenses payable, goods and service tax, advances from non-controlling interest holders and provision for employee benefits.

In previous year, non-current other payables comprise long term employment benefits. In view of the insignificant effect of the long term employment benefits on the Group's financial position and results, the management did not separately disclose information as required by FRS 19 *Employee Benefits*. During the current financial year, this amount has been reclassified to current other payables as it will be repayable within the next financial year.

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

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	35,310	75,178	6,118	8,936
Singapore Dollar	6,103	2,790	-	5,017
United States Dollar	831	10,942	161,474	7,643
New Zealand Dollar	6,043	8,120	309	3,195
Indonesian Rupiah	8,059	11,842	133	552
Vietnamese Dong	219	3,095	-	-
Others	1,047	1,162	-	-
	57,612	113,129	168,034	25,343

16. BANK BORROWINGS

	Group	
	2014	2013
	RM'000	RM'000
Current liabilities		
Secured:		
Bank overdrafts	-	22,827
Banker's acceptance	-	93,873
Short term revolving credit	-	5,782
Offshore foreign currency loans	5,870	26,950
Term loans	26	35,014
	5,896	184,446
Unsecured:		
Banker's acceptance	-	14,841
Short term revolving credit	-	8,000
	-	22,841
	5,896	207,287
Non-current liabilities		
Secured:		
Offshore foreign currency loans	-	53,538
Term loans	156	182,816
	156	236,354
	6,052	443,641

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 near the end of the reporting period.

Bank borrowings are denominated in the following currencies:

	Group	
	2014	2013
	RM'000	RM'000
Ringgit Malaysia	182	338,015
United States Dollar	-	68,544
New Zealand Dollar	5,870	21,360
Indonesian Rupiah	-	15,722
	6,052	443,641

16. BANK BORROWINGS (CONTINUED)

In financial year 2011, the Group entered into a syndicated facility of RM368,000,000 with a consortium of three leading Malaysian financial institutions, each on equal proportion. The facility was made available for utilisation by certain subsidiaries in Dairies, Trading and Frozen Food, and Others Divisions. The facility comprised RM363,000,000 Islamic financing and tradelines and RM5,000,000 conventional foreign exchange contract facility. Out of RM368,000,000, RM152,000,000 was used to redeem the existing bank borrowings in Malaysia, RM159,000,000 was used for trade working capital whilst the remaining balance is to fund the merger and acquisition plans, as well as capital expansion of the Group.

	Group	
	2014	2013
	RM'000	RM'000
Offshore foreign currency loans and term loans analysed by division:		
Dairies Division		
Term loan repayable by 2 quarterly installments of RM3,892,857 each commencing July 2012 and followed by 26 quarterly installments of RM7,739,011 each commencing January 2013	-	178,367
Term loan acquired through business combination with remaining 37 monthly installments of RM88,167 each commenced in January 2011 via acquisition of a subsidiary	-	347
Term loan repayable by 14 half yearly installments of USD714,285 equivalent to RM2,326,498 each commenced in June 2011	-	20,964
Term loan repayable by 8 half-yearly installments of USD500,000 equivalent to RM1,544,450 each commencing December 2013 and 4 half-yearly installments of USD1,500,000 equivalent to RM4,885,650 each commencing December 2017	-	31,934
Term loan repayable by 95 monthly installments of RM266,876 each commencing December 2013 and final installment of RM266,889 in November 2021	-	19,554
Term loan repayable by 13 quarterly installments of USD214,000 equivalent to RM697,019 each commencing January 2015 and final installment of USD208,000 equivalent to RM677,477 in April 2018	-	9,416
Trading and Frozen Food Division		
Term loan acquired through business combination with remaining 71 monthly installments of RM3,140 each commenced in September 2009 via acquisition of a subsidiary	182	205
Nutrition Division		
Term loan repayable by 40 quarterly installments of NZD73,693 equivalent to RM199,141 each commenced in February 2007	-	2,788
Term loan repayable until the expiry date commenced in April 2010	5,870	10,269
Term loan repayable until the expiry date commenced in December 2010	-	4,053
Term loan repayable by 37 quarterly installments of NZD83,784 equivalent to RM226,410 commenced in February 2008	-	`3,170
Others Division		
Term loan repayable until the expiry date commenced in February 2007	-	1,081
Term loan repayable by 90 monthly installments of IDR417,755,379 equivalent to RM115,461 each commenced in January 2012	-	7,938
Term loan repayable by 90 monthly installments of IDR105,397,070 equivalent to RM29,130 each commenced in January 2012	-	2,002
Term loan repayable by 23 quarterly installments of USD79,700 equivalent to RM259,591 each commencing September 2015 and final installment of USD79,900 equivalent to RM260,000 in June 2021	-	6,230
	6,052	298,318

16. BANK BORROWINGS (CONTINUED)

	Group	
	2014	2013
	RM'000	RM'000
Offshore foreign currency loans and term loans analysed into:		
Current	5,896	61,964
Non-current	156	236,354
	6,052	298,318

	Group	
	2014	2013
	%	%
Effective interest rates		
Bank overdrafts	-	6.89 – 7.60
Banker's acceptance	-	2.99 – 4.85
Offshore foreign currency loans	3.82 – 5.87	3.85 – 6.39
Short term revolving credit	-	5.05 – 11.25
Term loans	7.10	5.10 – 12.00

Non-current bank borrowings are repayable as follows:

	Group	
	2014	2013
	RM'000	RM'000
After one year	27	45,180
Two to five years	96	142,567
After five years	33	48,607
	156	236,354

The Group's bank borrowings as at 30 September 2014 are secured against the following:

(a) Registered general security agreement over all present and future assets of certain subsidiaries;
(b) Pledge of Horleys trademark as disclosed in Note 9 to the financial statements;
(c) Company's Corporate Guarantee, except for a secured term loan of RM182,000 (2013: RM205,000); and
(d) Pledged of inventories of a subsidiary as disclosed in Note 10 to the financial statements.

Due to the settlement of the majority of the bank borrowings, the fixed charge over a leasehold land and building as disclosed in Notes 4 and 5 amounting to RM4,314,000 has been discharged accordingly during the financial year.

16. BANK BORROWINGS (CONTINUED)

Subsequent to the financial year, the following pledges/charges on certain Group's assets, which were used to secure the bank borrowings that were settled by the Group during the financial year have been discharged:

(a) Various security documents in respect of immovable properties or specific assets acquired and financed under the syndicated facility;
(b) Various memorandum of deposits incorporating legal charges over shares of certain companies acquired;
(c) Pledged of fixed deposits of certain subsidiaries as disclosed in Note 13;
(d) Fixed charges over certain freehold land and buildings (Note 4) amounting to RM17,609,000;
(e) Fixed charges over the machinery and equipment of certain subsidiaries (Note 4) amounting to RM3,845,000;
(f) Pledge of unquoted shares in certain subsidiaries; and
(g) Company's Corporate guarantee to certain offshore foreign currency loans and term loans.

As at the date of this report, fixed charges over certain freehold land and buildings (Note 4) amounting to RM6,684,000 have not been discharged.

17. FINANCE LEASE PAYABLES

	Minimum lease payments RM'000	Future finance charges RM'000	Present value of lease payments RM'000
Group			
2014			
Current			
- within one year	2,661	(417)	2,244
Non-current			
- two to five years	6,072	(501)	5,571
2013			
Current			
- within one year	3,895	(521)	3,374
Non-current			
- two to five years	7,531	(673)	6,858
- more than five years	130	(3)	127
	7,661	(676)	6,985

The effective interest rates range from 2.32% to 12.69% (2013: 2.50% to 12.69%) per annum.

The Group's obligations under finance leases are secured by the lessors' titles to the leased assets (Note 4) and certain finance leases are secured by corporate guarantee issued by the Company.

17. FINANCE LEASE PAYABLES (CONTINUED)

Finance leases are denominated in the following currencies:

	Group	
	2014	2013
	RM'000	RM'000
Ringgit Malaysia	7,795	10,256
Indonesian Rupiah	20	103
	7,815	10,359

18. DERIVATIVE FINANCIAL INSTRUMENTS

	2014		2013	
	Contract/ Notional amount	Carrying amount	Contract/ Notional amount	Carrying amount
	RM'000	RM'000	RM'000	RM'000
Group				
At fair value				
Foreign currency forward contracts				
- Assets	-	-	4,886	53
- Liabilities	-	-	(16,155)	(470)
Net liabilities	-	-	(11,269)	(417)

Forward currency contracts have been entered into to operationally hedge forecast sales and purchases denominated in foreign currencies that are expected to occur at various dates within three (3) months from the end of the reporting period. The foreign currency forward contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components has been determined based on the difference between the quarterly future rates and the strike rate discounted at the convenience yield of the instruments involved.

The Group recognised total gain of RM420,000 (2013: loss of RM403,000) arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward foreign exchange and interest rates.

The fair value of a foreign exchange forward contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

The transaction involving derivative financial instruments are conducted with creditworthy banks with no recent history of default.

19. FINANCIAL GUARANTEE CONTRACTS

	Company	
	2014	2013
	RM'000	RM'000
Balance at 1 October	7,365	7,645
Reversal of financial guarantee contracts during the year	(7,273)	(280)
Balance at 30 September	92	7,365

The balance as at 30 September 2014 of RM92,000 (2013: RM7,365,000) represents the fair value of financial guarantee contracts which was discounted at interest rates ranging from 3.3% to 7.2% (2013: 3.3% to 11.25%) for over 5 years (2013: 5 to 6 years).

20. DEFERRED TAX LIABILITIES

	Group	
	2014	2013
	RM'000	RM'000
Balance at 1 October	22,378	19,687
Currency realignment	(264)	12
Recognised in consolidated statement of comprehensive income	258	2,679
Disposal of subsidiaries	(19,190)	-
Balance at 30 September	3,182	22,378

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	Property, plant and equipment	Other taxable temporary differences	Total
	RM'000	RM'000	RM'000	RM'000
Group				
Balance at 1 October 2012	5,403	14,094	190	19,687
Currency realignment	204	(195)	3	12
Recognised in consolidated statement of comprehensive income	273	2,212	194	2,679
Balance at 1 October 2013	5,880	16,111	387	22,378
Currency realignment	(548)	281	3	(264)
Recognised in consolidated statement of comprehensive income	287	301	(330)	258
Disposal of subsidiaries	(4,360)	(14,803)	(27)	(19,190)
Balance at 30 September 2014	1,259	1,890	33	3,182

21. SHARE CAPITAL

	Group and Company			
	2014		2013	
	S$'000	RM'000	S$'000	RM'000
Issued and fully paid:				
Balance at 1 October	41,512	98,470	24,930	57,064
Issuance of new ordinary shares	-	-	15,991	39,918
Issuance of ordinary shares arising from the exercise of share options	5,014	12,936	591	1,488
Balance at 30 September	46,526	111,406	41,512	98,470

The Company has only one class of ordinary shares which carry no right to fixed income.

The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction.

Share capital does not have a par value.

All of these newly issued ordinary shares rank pari-passu with the existing ordinary shares.

Movements in number of shares issued:

	Group and Company	
	Number of ordinary shares	
	2014	2013
	'000	'000
Balance at 1 October	614,796	536,192
Issuance of new ordinary shares	-	75,000
Issuance of ordinary shares arising from the exercise of share options	17,131	3,604
Balance at 30 September	631,927	614,796

In previous year, the Company entered into a subscription agreement with Tee Yih Jia Food Manufacturing Pte Ltd for the issuance of 75,000,000 ordinary shares at an exercise price of S$0.21321 per share for cash at an aggregate consideration of S$15,990,750, equivalent to RM39,918,000, for capital expenditure and working capital purposes.

21. SHARE CAPITAL (CONTINUED)

Treasury shares

Movement in treasury shares:

	Group and Company			
	Number of treasury shares		Amount	
	2014	2013	2014	2013
	'000	'000	RM'000	RM'000
Balance at 30 September	1,210	1,210	183	183

The total amount paid to repurchase the shares has been deducted from shareholders' equity. The repurchased shares are held as "treasury shares". The Company intends to reissue these repurchased shares to employees when the employees exercise their share options under the Envictus Employee Share Options Scheme in the future.

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.

21. SHARE CAPITAL (CONTINUED)

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

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

	2014		2013	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
	'000	S$	'000	S$
Outstanding at 1 October	29,304	0.335	39,018	0.328
Exercised	(17,131)	0.164	(3,604)*	0.164
Lapsed/cancelled	-	0.164	(6,110)	0.164
Outstanding at 30 September	12,173	0.394	29,304	0.335
Exercisable as at 30 September	12,173	0.394	29,304	0.335

* did not include 162,000 options which were exercised towards the end of FY2013 but the shares were allotted at the beginning of the first quarter of FY2014.

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.

In previous financial year, the total of 6,110,000 share options were cancelled and forfeited.

Volatility, measured as the standard deviation of expected share price returns, was based on the average 10-day volatility over one year observation period in accordance with convention laid down by Bank for International Settlements. The inputs to the model used are shown below.

Date of grant	Expected dividend yield	Expected volatility	Risk-free interest rate	Expected life of options	Exercise Price	Share price at date of grant
	(%)	(%)	(%)	(years)	S$	S$
10.02.2010	6.82	30	1.54	7	0.164*	0.415
13.10.2010	3.50	20	1.24	7	0.400	0.495

* exercise price has been adjusted for a bonus issue of one for one on 12 October 2010.

22. FOREIGN CURRENCY TRANSLATION RESERVE

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

23. FAIR VALUE RESERVE

Fair value reserve represents the cumulative change in the fair value of available-for-sale financial assets until they are derecognised and cumulative change in the fair value of employee benefits. Movements in these reserve are set out in the statements of changes in equity.

24. OTHER RESERVE

Other reserve represents the premium paid for the acquisition of non-controlling interests in certain subsidiaries. Movements in these reserve are set out in the statements of changes in equity.

25. REVENUE

Revenue represents the invoiced value of goods sold less returns and trade discounts.

26. FINANCE COSTS

	Group	
	2014	2013
	RM'000	RM'000 (Restated)
Continuing operations		
Interest expense		
- bank overdrafts	328	457
- banker's acceptance	1,198	3,418
- term loans	5,243	5,132
- offshore foreign currency loans	242	1,143
- finance lease	522	354
- others	755	567
	8,288	11,071
Discontinued operations		
Interest expense		
- banker's acceptance	2,143	3,152
- term loans	8,871	11,429
- offshore foreign currency loans	906	1,412
- finance lease	158	192
- others	75	-
	12,153	16,185
	20,441	27,256

27. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Continuing operations		Discontinued operations		Total	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000 (Restated)
Advertising and promotions	10,643	19,227	6,008	9,734	16,651	28,961
Allowance for doubtful receivables	1,290	1,835	515	1,781	1,805	3,616
Non-audit fees paid to other auditors	59	158	-	-	59	158
Amortisation of intangible assets	397	357	80	101	477	458
Amortisation of prepaid lease payment for land	-	-	604	904	604	904
Depreciation of property, plant and equipment	13,523	11,128	15,037	17,145	28,560	28,273
Directors' remuneration						
- Directors of the Company	6,031	3,299	-	-	6,031	3,299
- Directors of the subsidiaries	1,311	1,256	3,228	2,303	4,539	3,559
Directors' fee						
- Directors of the Company	540	548	-	-	540	548
Inventories written off	-	576	2,978	3,614	2,978	4,190
Foreign currency exchange loss, net	6,120	2,960	1,841	6,323	7,961	9,283
Operating lease expense	5,132	3,282	914	2,557	6,046	5,839
Property, plant and equipment written off	91	-	-	6	91	6
Impairment of intangible assets	22,841	-	-	-	22,841	-
Impairment of property, plant and equipment	21,832	-	-	-	21,832	-
Allowance for write down of inventories	1,687	-	-	-	1,687	-
Staff costs:						
- Salaries, bonuses and allowances	36,463	29,577	27,316	35,649	63,779	65,226
- Employer contributions to defined contribution plans	2,615	2,358	2,606	3,435	5,221	5,793
Allowance for doubtful receivables no longer required - trade	(629)	(325)	(365)	(591)	(994)	(916)
Bad debts recovered	-	-	-	(72)	-	(72)
Fair value (gain)/loss arising from derivative financial instruments*	-	-	(420)	403	(420)	403
Fair value gain on held-for-trading investments*	(335)	-	-	-	(335)	-
Gain on disposal of property, plant and equipment*	(328)	(276)	(27)	(75)	(355)	(351)
Gain on disposal of subsidiaries	-	-	(573,276)	-	(573,276)	-
Gain on disposal of relevant intellectual property*	(34,248)	-	-	-	(34,248)	-
Interest income*	(1,439)	(312)	(340)	(187)	(1,779)	(499)
Rental income*	(2)	(3)	-	(31)	(2)	(34)

* Included in other operating income.

28. INCOME TAX EXPENSE

	Continuing operations		Discontinued operations		Total	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000 (Restated)
Current tax:						
- current year	8,209	3,809	6,561	8,954	14,770	12,763
- under/(over) provision in prior years	725	(53)	(1,043)	295	(318)	242
	8,934	3,756	5,518	9,249	14,452	13,005
Deferred tax expense:						
- current year	8,277	(1,640)	186	2,496	8,463	856
- under /(over) provision in prior years	(20)	(223)	-	142	(20)	(81)
	8,257	(1,863)	186	2,638	8,443	775
	17,191	1,893	5,704	11,887	22,895	13,780

Reconciliation of effective income tax rate

	Group	
	2014 RM'000	2013 RM'000 (Restated)
(Loss) before income tax from continuing operations	(55,162)	(45,495)
Profit before income tax from discontinued operations	615,725	64,375
Income tax calculated at Malaysia statutory tax rate of 25% (2013: 25%)	140,141	4,720
Effect of different tax rates in other countries	114	(3,933)
Expenses not deductible for tax purposes	15,239	12,923
Income not subject to tax	(147,164)	(2,728)
Tax incentives	(4,874)	(7,615)
Current tax (over)/under provided in prior years	(318)	242
Deferred tax over provided in prior years	(20)	(81)
Expiration of unutilised tax losses and capital allowances	-	663
Reversal of deferred tax assets previously recognised	11,513	-
Deferred tax assets not recognised	7,127	9,286
Withholding tax	1,187	902
Others	(50)	(599)
	22,895	13,780

29. DISCONTINUED OPERATIONS

As discussed in Note 6 to the financial statements, the Group disposed of its dairies and packaging business on 30 June 2014.

Pursuant to FRS 105, *Non-current Assets Held for Sale and Discontinued Operations*, the results of the discontinued operations have been presented separately in the consolidated statement of comprehensive income. Comparative figures have been restated to accordingly reflect the discontinued operations in the consolidated statement of comprehensive income. No statement of financial position as at 1 October 2012 have been presented as the restatement of the consolidated statement of comprehensive income does not have any impact on the statements of financial position as at 1 October 2012.

The results of the discontinued operations are as follows:

	Note	1.10.2013 to 30.6.2014 RM'000	1.10.2012 to 30.9.2013 RM'000 (Restated)
Revenue	25	540,891	684,882
Costs of goods sold		(423,586)	(521,855)
Gross profit		117,305	163,027
Other operating income		2,418	2,755
Administration expenses		(15,349)	(21,712)
Selling and marketing expenses		(24,753)	(34,115)
Warehouse and distribution expenses		(15,388)	(20,126)
Research and development expenses		(1,451)	(1,750)
Other operating expenses		(8,180)	(7,519)
Finance costs	26	(12,153)	(16,185)
Profit before tax from discontinued operations	27	42,449	64,375
Income tax expense	28	(5,704)	(11,887)
Profit after tax from discontinued operations		36,745	52,488
Gain on disposal of subsidiaries		573,276	-
Profit from discontinued operations, net of tax		610,021	52,488
Profit from discontinued operations attributable to:			
Owner of the Company		610,014	52,438
Non-controlling interests		7	50
		610,021	52,488

The impact of the discontinued operations on the cash flows of the Group is as follows:

	2014 RM'000	2013 RM'000
Operating activities	22,660	43,938
Investing activities	642,615	(35,917)
Financing activities	(35,411)	(7,738)
Total cash inflows	629,864	283

30. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the Group's profit/(loss) 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	
	2014	2013 (Restated)
From continuing operations		
Loss after income tax attributable to owners of the Company (RM'000)	(67,398)	(45,003)
Weighted average number of ordinary shares in issue during the financial year ('000)	622,627	591,129
Basic loss per share	(10.82) sen	(7.61) sen
From discontinued operations		
Profit after income tax attributable to owners of the Company (RM'000)	610,014	52,438
Weighted average number of ordinary shares in issue during the financial year ('000)	622,627	591,129
Basic earnings per share	97.97sen	8.87sen

(b) Diluted

For the purpose of calculating diluted earnings per share, the Group's profit/(loss) after income tax attributable to the equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the potential dilutive effect arising from the exercise of employee share options into ordinary shares as at 30 September of the respective financial year.

30. (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted (Continued)

	Group 2014	Group 2013 (Restated)
From continuing operations		
Loss after income tax attributable to owners of the Company (RM'000)	(67,398)	(45,003)
Weighted average number of shares in issue ('000)	622,627	591,129
Adjustment for:		
- Employee share options ('000)	283	4,558
	622,910	595,687
Diluted loss per share	(10.82) sen	(7.55) sen
From discontinued operations		
Profit after income tax attributable to owners of the Company (RM'000)	610,014	52,438
Weighted average number of shares in issue ('000)	622,627	591,129
Adjustment for:		
- Employee share options ('000)	283	4,558
	622,910	595,687
Diluted earnings per share	97.93 sen	8.80 sen

31. DIVIDENDS

	Group and Company 2014 RM'000	Group and Company 2013 RM'000
Dividends paid:		
Final tax exempt 1-tier dividend of S$0.002 (2013: S$0.003) per share paid in respect of financial years ended 30 September 2013 and 2012, respectively	3,218	4,046
Interim tax exempt 1-tier dividend of S$0.30 (2013: S$0.003) paid in respect of financial years ended 30 September 2014 and 2013, respectively	488,086	4,578
	491,304	8,624

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

In addition to information disclosed elsewhere in the financial statements, significant related party transactions between the Group and the Company and its related parties during the financial year were as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Restated)		
Continuing operations				
With related parties:				
- Insurance premium paid to a related party	1,433	1,373	47	37
- Rental of premises paid to a related party	231	-	231	-
- Purchase of goods from a related party	170	-	-	-
- Rental of premises paid to a director of a subsidiary	59	-	-	-
With subsidiaries:				
- Management fees	-	-	(1,672)	(4,052)
- Dividend income	-	-	-	(40,864)
- Collection on behalf of subsidiaries	-	-	184,790	-
- Settlement of liabilities on behalf of subsidiaries	-	-	139,035	38,897

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Discontinued operations				
With related parties:				
- Insurance premium paid to a related party	2,032	2,575	-	-
- Rental of premises paid to a related party	693	924	-	-
- Rental of premises paid to a director of a subsidiary	-	32	-	-
- Purchase of packing materials from related parties	1,398	1,399	-	-
- Sale of goods to a related party	(352)	(113)	-	-
With subsidiaries:				
- Settlement of liabilities on behalf of subsidiaries	-	-	-	25,180

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

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Continuing operations				
Short-term employee benefits	8,585	5,558	7,340	4,381
Post-employment benefits	132	157	67	78
	8,717	5,715	7,407	4,459
Analysed into:				
- Directors of the Company	6,571	3,847	6,572	3,847
- Directors of the subsidiaries	1,311	1,256	-	-
- Other key management personnel	835	612	835	612
	8,717	5,715	7,407	4,459
Discontinued operations				
Short-term employee benefits	3,169	2,079	-	-
Post-employment benefits	59	224	-	-
	3,228	2,303	-	-
Analysed into:				
- Directors of the subsidiaries	3,228	2,303	-	-

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 21 to the financial statements.

33. CONTINGENT LIABILITIES AND COMMITMENTS

33.1 Capital commitments

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

	Group	
	2014	2013
	RM'000	RM'000
Purchase of property, plant and equipment	442	6,422

33.2 Operating lease commitments

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

	Group	
	2014	2013
	RM'000	RM'000
Within one year	7,392	3,119
Two to five years	8,784	6,147
More than five years	4,172	5,758
	20,348	15,024

As at the end of the financial year, the Group leases office premises and other operating facilities under operating leases. Leases are negotiated and rentals are fixed for a period of 1 to 10 years with an option to renew at the prevailing market rates. Certain leases require the Group to pay contingent rentals computed based on sales achieved during the lease period.

33.3 Contingent liabilities - unsecured

Company

The Company has undertaken to provide financial support to certain subsidiaries, to enable them to operate as going concern and to meet their obligations for at least 12 months from the date of their respective directors' report relating to the financial statements for the financial year ended 30 September 2014. In the opinion of the Directors, no losses are expected to arise.

33. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

33.3 Contingent liabilities - unsecured (Continued)

Company (Continued)

As at the end of the financial year, the contingent liabilities in respect of guarantees given by the Company to banks in connection with banking facilities granted to certain subsidiaries are:

	2014 RM'000	2013 RM'000
Facilities in Ringgit Malaysia	4,823	475,692
Facilities in United States Dollar	-	114,692
Facilities in New Zealand Dollar	5,870	28,670
Facilities in Indonesian Rupiah	-	21,305
	10,693	640,359

34. 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.

There is a change from prior periods in the measurement methods used to determine reported segment profit or loss after the Group disposed of its dairies and packaging business.

Following the disposal of the Group's dairies and packaging business, the Group's core business segments were as follows:

- Trading and Frozen Food Division – comprising frozen food trading, butchery and bakery sub-divisions;
- Nutrition Division – comprising marketing and branded sports nutrition and weight management foods and contract packaging for dairy and juice based drinks; and
- Others Division – comprising beverage, restaurant businesses and noodles.

34. SEGMENT INFORMATION (CONTINUED)

	Dairies RM'000	Trading and Frozen Food RM'000	Nutrition RM'000	Others RM'000	Unallocated RM'000	Total RM'000
2014						
Revenue						
External revenue						
- Continuing operations	-	215,687	51,990	39,112	-	306,789
- Discontinued operations	524,402	14,366	-	2,123	-	540,891
Total revenue	524,402	230,053	51,990	41,235	-	847,680
Results						
Segments results	-	(17,536)	(20,465)	(29,120)	(15,440)	(82,561)
Interest income	-	112	19	7	1,301	1,439
Finance costs	-	(4,609)	(834)	(1,820)	(1,025)	(8,288)
Gain on disposal of intellectual property	-	-	-	-	34,248	34,248
(Loss)/Profit before income tax	-	(22,033)	(21,280)	(30,933)	19,084	(55,162)
Income tax	-	(2,651)	(1,731)	(7,041)	(5,768)	(17,191)
(Loss)/Profit from continuing operations, net of tax	-	(24,684)	(23,011)	(37,974)	13,316	(72,353)
Profit/(Loss) from discontinued operations, net of tax	513,228	(1,424)	-	97,478	739	610,021
Profit/(Loss) after tax	513,228	(26,108)	(23,011)	59,504	14,055	537,668
Segment assets	-	131,985	41,056	51,759	194,438	419,238
Unallocated assets	-	496	3,260	397	257	4,410
Total assets	-	132,481	44,316	52,156	194,695	423,648
Segment liabilities	-	29,287	12,381	22,587	7,224	71,479
Unallocated liabilities	-	1,761	61	1,878	4,643	8,343
Total liabilities	-	31,048	12,442	24,465	11,867	79,822

34. SEGMENT INFORMATION (CONTINUED)

	Dairies RM'000	Trading and Frozen Food RM'000	Nutrition RM'000	Others RM'000	Unallocated RM'000	Total RM'000
2014						
Other information						
Capital expenditure	5,434	6,672	783	10,672	1,125	24,686
Depreciation and amortisation	-	6,757	3,036	4,050	77	13,920
Allowance for doubtful receivables	-	387	151	752	-	1,290
Allowance for write down of inventories	-	-	-	1,687	-	1,687
Impairment of intangible assets	-	11,508	8,870	2,463	-	22,841
Impairment of property, plant and equipment	-	18,234	-	3,598	-	21,832
Property, plant and equipment written off	-	91	-	-	-	91
2013 (Restated)						
Revenue						
External revenue						
- Continuing operations	-	198,471	56,646	41,778	-	296,895
- Discontinued operations	660,945	20,397	-	3,540	-	684,882
Total revenue	660,945	218,868	56,646	45,318	-	981,777
Results						
Segments results from continuing operations	-	10,025	(3,626)	(27,539)	(13,596)	(34,736)
Interest income	-	94	27	5	186	312
Finance costs	-	(6,250)	(968)	(3,157)	(696)	(11,071)
Profit/(Loss) before income tax	-	3,869	(4,567)	(30,691)	(14,106)	(45,495)
Income tax	-	(2,372)	2,647	(1,022)	(1,146)	(1,893)
Profit/(Loss) from continuing operations, net of tax	-	1,497	(1,920)	(31,713)	(15,252)	(47,388)
Profit/(Loss) from discontinued operations, net of tax	47,669	(675)	-	4,386	1,108	52,488
Profit/(Loss) after tax	47,669	822	(1,920)	(27,327)	(14,144)	5,100
Segment assets	508,779	164,197	55,571	111,090	6,750	846,387
Unallocated assets	4,621	1,980	5,421	7,752	4	19,778
Total assets	513,400	166,177	60,992	118,842	6,754	866,165

34. SEGMENT INFORMATION (CONTINUED)

	Dairies	Trading and Frozen Food	Nutrition	Others	Unallocated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2013 (Restated)						
Segment liabilities	445,491	18,798	29,866	63,982	9,462	567,599
Unallocated liabilities	14,924	1,688	20	8,219	123	24,974
Total liabilities	460,415	20,486	29,886	72,201	9,585	592,573
Other information						
Capital expenditure	36,604	12,511	2,343	10,734	14	62,206
Depreciation and amortisation	-	5,760	2,774	2,911	40	11,485
Allowance for doubtful receivables	-	516	2	1,317	-	1,835
Inventories written off	-	222	-	354	-	576

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 assets consist primarily of property, plant and equipment, inventories, receivables, fixed deposits and cash and bank balances. Capital expenditure comprises additions to property, plant and equipment and prepaid lease payment for land. Segment assets and capital expenditure are shown by geographical area in which the assets are located.

	Malaysia	Africa*	Asean (excluding Malaysia)*	New Zealand	Australia	Others*	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014							
Revenue							
External revenue							
- Continuing operations	240,332	-	5,718	28,736	20,542	11,461	306,789
- Discontinued operations	257,751	73,541	191,263	-	-	18,336	540,891
	498,083	73,541	196,981	28,736	20,542	29,797	847,680
Segment assets	312,830	-	72,775	29,513	3,433	687	419,238
2013 (Restated)							
Revenue							
External revenue							
- Continuing operations	207,118	-	23,703	27,570	25,791	12,713	296,895
- Discontinued operations	389,360	72,603	195,216	-	-	27,703	684,882
	596,478	72,603	218,919	27,570	25,791	40,416	981,777
Segment assets	656,348	4,895	135,549	42,200	5,260	2,135	846,387

* Comprise countries with insignificant revenue and assets

35. FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's activities expose the Group to financial risks (including credit risk, foreign currency risk, interest rate risk and liquidity 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 Group also enters into derivative transactions, which are foreign currency forward contracts. The purpose is to manage the foreign currency risk arising from the Group's operations and its sources of finance.

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.

35.1 Credit risk

The Group and the Company have no significant concentration of credit risk except for amounts due from subsidiaries and other receivables from a third party. The maximum exposures to credit risk are represented by the carrying amount of the financial assets on the statement of financial position.

Other receivable from an unrelated third party arising from the disposal of subsidiaries comprises 52% of total trade and other receivables of the Group.

Trade receivables that are neither past due nor impaired are substantially from companies with good collection track record with the Group.

The age analysis of trade receivables of the Group which are past due but not impaired is as follows:

	Group	
	2014	2013
	RM'000	RM'000
Past due 1 day to 3 months	16,643	45,264
Past due 3 to 6 months	2,487	3,805
Past due 6 to 12 months	1,635	2,755
Past due over 12 months	48	439
	20,813	52,263

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 a good collection track record within the Group.

Cash and bank balances are placed with financial institutions with high credit-ratings assigned by credit rating agency.

35. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

35.2 Foreign currency risk

The Group and the Company incur 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 United States Dollar, Ringgit Malaysia and New Zealand Dollar. Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level and hedging through foreign exchange forward contracts is done where appropriate.

The Group entered into foreign currency forward contracts to manage exposures to foreign currency risk for receivables which are denominated in a currency other than the functional currency of the Company. As at the end of the financial year, the Group has no outstanding foreign currency forward contracts.

At the end of the financial year, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective entity's functional currency are disclosed in the respective notes to the financial statements.

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% (2013: 5%) increase and decrease in the respective foreign currencies against the functional currency of the Group and the Company. 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% (2013: 5%) change in foreign currency rates.

If the respective foreign currency weakens by 5% (2013: 5%) against the functional currency, profit before income tax of the Group and the Company will increase/(decrease) by:

	Consolidated statement of comprehensive income			
	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	955	-	5,630	2,161
United States Dollar	7,124	3,042	103	1,455
New Zealand Dollar	-	-	1,200	455

A 5% (2013: 5%) strengthening of the respective foreign currency against the functional currency would have an equal but opposite effect to the Group.

35.3 Interest rate risk

The Group's exposure to market risks for changes in interest rates relates primarily to finance lease payables and bank borrowings (2013: finance lease payables and bank borrowings) with financial institutions. The Group maintains an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

35. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

35.3 Interest rate risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 3% (2013:3%) change in the interest rates from the end of the financial year, with all variables held constant.

If the interest rates increase by 3% (2013: 3%), profit before tax of the Group will decrease/(increase) by:

	Consolidated statement of comprehensive income	
	2014	**2013**
	RM'000	**RM'000**
Bank borrowings (excluding bank overdrafts)	182	12,624
Bank overdrafts	-	685
Finance lease payables	234	311
Fixed deposits	-	(183)
	416	13,437

As at the end of the financial year, the Company is not exposed to interest rate risk (2013: Nil). As such, no sensitivity analysis is deemed necessary.

A 3% (2013: 3%) decrease in the interest rates would have an equal but opposite effect to the Group.

35.4 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 to meet their working capital requirements. Short-term funding is obtained from finance leases from financial institutions.

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.

35. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

35.4 Liquidity risk (Continued)

	Effective interest rate (%)	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group						
2014						
Bank borrowings	3.82 – 7.10	6,182	29	103	35	6,349
Finance lease payables	2.32 – 12.69	2,662	2,313	3,758	-	8,733
Trade and other payables	-	57,612	-	-	-	57,612
		66,456	2,342	3,861	35	72,694
2013						
Bank borrowings (excluding bank overdrafts)	2.99 – 11.25	192,860	48,323	152,421	51,899	445,503
Bank overdrafts	6.89 – 7.60	24,561	-	-	-	24,561
Finance lease payables	2.50 – 12.69	3,895	2,847	4,684	130	11,556
Trade and other payables	-	110,834	-	-	2,295	113,129
		332,150	51,170	157,105	54,324	594,749

The repayment terms of the bank loans, bank overdrafts and finance leases are disclosed in Notes 16 and 17 to the financial statements.

	Effective interest rate (%)	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Company						
2014						
Trade and other payables	-	168,364	-	-	-	168,364
Financial guarantee contracts	-	-	44	48	-	92
		168,364	44	48	-	168,456
2013						
Trade and other payables	-	25,343	-	-	-	25,343
Financial guarantee contracts	-	-	2,661	4,617	87	7,365
		25,343	2,661	4,617	87	32,708

The disclosed amounts for the financial guarantee contracts represent the maximum amount of issued financial guarantees in the earliest time period for which the guarantees could be called upon in the contractual maturity analysis.

35. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

35.5 Fair values of financial assets and financial liabilities

The carrying amount of cash and bank balances, trade and other current receivables excluding prepayments and advances to suppliers and payables approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the consolidated financial statements.

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) the fair values of financial assets and financial liabilities with standard terms and conditions and which trade in active liquid markets are determined with reference to quoted market prices (Level 1 of fair value hierarchy).

(b) in the absence of quoted market prices, the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable inputs such as quoted prices for similar assets/liabilities in active market, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability (Level 2 of fair value hierarchy).

(c) in the absence of observable inputs, the fair value of the remaining financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (Level 3 of fair value hierarchy).

As at 30 September 2014, the financial instruments measured at fair value on a recurring basis held by the Group and the Company include the available-for-sale financial assets (Note 7) and held-for-trading investments (Note 12) which belong to level 1. The fair values of these financial instruments are calculated using quoted prices.

The following table sets out the financial instruments as at the end of the financial year:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans and receivables	245,040	206,933	351,778	166,952
Derivative financial instruments	-	53	-	-
Available-for-sale financial assets	285	233	-	-
Held-for-trading investments	16,202	-	16,202	-
Financial liabilities				
Other financial liabilities at amortised cost	71,185	566,669	168,034	25,343
Derivative financial instruments	-	470	-	-

35. FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

35.6 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 management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as interest bearing liabilities less cash and cash equivalents. Total capital is calculated as equity plus net debt. The Group overall strategy remains unchanged since prior financial year which is to maintain a gearing ratio of less than 75%.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net (cash)/debt	(130,180)	381,220	(117,340)	(2,907)
Total equity	343,826	273,592	201,869	173,628
Total capital	213,646	654,812	84,529	170,721
Gearing ratio	NM	58.2%	NM	NM

NM - Not meaningful

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 and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 September 2014 and 2013.

36. EVENTS SUBSEQUENT TO THE REPORTING DATE

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

37. AUTHORISATION OF FINANCIAL STATEMENTS

The statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 30 September 2014 were authorised for issue in accordance with a Directors' resolution dated 5 December 2014.

STATISTICS OF SHAREHOLDINGS

AS AT 8 DECEMBER 2014

Issued and fully paid-up capital	:	S$46,710,654.955
Number of ordinary shares in issue	:	631,926,528
Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Number of Treasury Shares held	:	1,210,000
Number of ordinary shares excluding Treasury Shares	:	630,716,528
Percentage of Treasury Shares	:	0.192%[1]

Note :

[1] Calculated based on 630,716,528 voting shares as at 8 December 2014.

VOTING RIGHTS

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

On a show of hands, each Member entitled to vote may vote in person or by proxy or by attorney or in the case of a corporation by a representative who shall have one vote and upon a poll, every Member present in person or by proxy shall have one vote for every share which he holds or represents.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed are at all times held by the public.

Based on the information provided and to the best knowledge of the Directors, approximately 40% of the issued ordinary shares of the Company are held in the hands of the public as at 8 December 2014 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 – 999	21	1.43	8,971	0.00
1,000 – 10,000	449	30.56	2,917,299	0.46
10,001 – 1,000,000	957	65.15	85,148,884	13.50
1,000,001 and above	42	2.86	542,641,374	86.04
TOTAL	1,469	100.00	630,716,528	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	TEE YIH JIA FOOD MANUFACTURING PTE LTD	77,000,000	12.21
2.	KAMAL Y P TAN	72,601,072	11.51
3.	CHENG CHIH KWONG @ THIE TJI KOANG	59,143,320	9.38
4.	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	53,400,000	8.47
5.	MAH WENG CHOONG	31,437,224	4.98
6.	JAYA J B TAN	31,387,364	4.98
7.	KWONG YUEN SENG	25,357,220	4.02
8.	KHOR SIN KOK	22,100,224	3.50
9.	AMFRASER SECURITIES PTE. LTD.	19,905,000	3.16
10.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	17,512,000	2.78
11.	OCBC SECURITIES PRIVATE LIMITED	16,140,000	2.56
12.	HONG LEONG FINANCE NOMINEES PTE LTD	15,060,000	2.39
13.	POK YORK KEAW	10,000,000	1.59
14.	UOB KAY HIAN PRIVATE LIMITED	7,605,000	1.21
15.	POK YOKE KUNG	7,049,000	1.12
16.	PHANG MAH THIANG	5,841,000	0.93
17.	YAP BENG WEI	5,290,000	0.84
18.	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,255,470	0.83
19.	CHUNG CHEE FOOK	4,936,462	0.78
20.	PHILLIP SECURITIES PTE LTD	4,725,494	0.75
	TOTAL	**491,745,850**	**77.99**

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

	Name	Direct Interest	%	Deemed interest	%	Total Interest	%
(1)(2)	Dato' Jaya J B Tan	95,987,364	15.22	97,951,072	15.53	193,938,436	30.75
(1)(2)	Dato' Kamal Y P Tan	95,501,072	15.14	98,437,364	15.61	193,938,436	30.75
	Tee Yih Jia Food Manufacturing Pte Ltd	77,000,000	12.21	-	-	77,000,000	12.21
(3)	Datuk Goi Seng Hui	-	-	77,000,000	12.21	77,000,000	12.21
	Cheng Chih Kwong @ Thie Tji Koang	59,143,320	9.38	-	-	59,143,320	9.38

(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 Thursday, 29 January 2015 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 30 September 2014 and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:-

   (i) Dato' Kamal Y P Tan (Articles 87 and 91) **(Resolution 2a)**

   (ii) Mr Teo Chee Seng (Article 91) **(Resolution 2b)**

   Note:
   Mr Teo will, upon re-election as a Director of the Company, remain as a Chairman of the Nominating and Remuneration Committees and a 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 re-appoint Mr Mah Weng Choong as a Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50. **(Resolution 3)**

4. (i) To approve the payment of Directors' fees of S$246,000 for the financial year ended 30 September 2014 (FY2013: S$249,839). **(Resolution 4a)**

   (ii) To approve the payment of Special Directors' fees of S$123,000 for the financial year ended 30 September 2014 (FY2013:-) [See Explanatory Note (a)] **(Resolution 4b)**

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

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions and Special Resolution, with or without modifications:-

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

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to:-

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares.

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(i) the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below).

(ii) (subject to such calculation as may be prescribed by SGX-ST), for the purpose of determining the aggregate number of shares that may be issued in under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of passing this Resolution, after adjusting for:-

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercising share options or vesting of shares awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (b)]

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

"THAT pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorized and empowered to offer and grant options under the Envictus Employee Share Option Scheme ("the Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether during the subsistence of this authority or otherwise, the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
[See Explanatory Note (c)]

(Resolution 8)

9. **SPECIAL RESOLUTION – THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

"THAT the proposed amendments to the Articles of Association of the Company as set out in the Appendix of the Circular to the Shareholders dated 6 January 2015 are hereby approved and adopted and any of the Directors of the Company be and is hereby authorised to do all such acts as may be necessary or expedient in order to give full effect to this resolution". [See Explanatory Note (d)]

BY ORDER OF THE BOARD

S Surenthiraraj @ S Suressh
Kok Mor Keat
Company Secretaries

Singapore
6 January 2015

Explanatory Notes on Special Business to be transacted

(a) Ordinary Resolution 4b proposed in item 4(ii) above is to approve the payment of Special Directors' fees of S$123,000 for the year ended 30 September 2014. Subject to the shareholders' approval, the Special Directors' Fees will be paid to the Non-Executive Directors for their participation and contribution towards the divestment of the Group's dairies and packaging business to Asahi Group Holdings Southeast Asia Pte. Ltd.

(b) 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.

(c) 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.

(d) Special Resolution 8, if passed, will amend the Articles of Association of the Company as set out in greater detail in the Circular to the Shareholders dated 6 January 2015 attached.

NOTES:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and where there are two proxies, the number of shares to be represented by each proxy must be stated.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorized officer or attorney.

3. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

4. 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
(formerly Etika International Holdings Limited)
Company Registration No: 200313131Z
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT

1. For investors who have used their CPF monies to buy shares of Envictus International Holdings Limited, the Annual Report 2014 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees in accordance with their instructions within the timeframe specified.
4. CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.

Number of shares held	

I/We, ____

of ____

being a member/members of **ENVICTUS INTERNATIONAL HOLDINGS LIMITED** (the "Company"), hereby appoint

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary to demand a poll, at the Annual General Meeting ("AGM") of the Company to be held on 29 January 2015 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.	Resolutions Relating To:	To be used on a show of hands		To be used in the event of a Poll	
		For *	Against *	Number of Votes For **	Number of Votes Against **
1	Adoption of Directors' Reports and Financial Statements for year ended 30 September 2014				
2a	Re-election of Dato' Kamal Y P Tan as Director				
2b	Re-election of Mr Teo Chee Seng as Director				
3	Re-appointment of Mr Mah Weng Choong as Director				
4a	Approval of payment of Directors' fees				
4b	Approval of payment of Special Directors' fees				
5	Re-appointment of Messrs BDO LLP as auditors and authorize Directors to fix their Remuneration				
6	Authority to allot and issue new shares				
7	Authority to grant options and to allot and issue shares under Envictus Employee Share Option Scheme				
8	Proposed Amendments to the Articles of Association				

* Please indicate your vote "For" or "Against" with a "X" within the box provided.
** If you wish to exercise all your votes "For" or "Against", please indicate with a "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________________ day of ______________ 2015.

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 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Seal or under the hand of an officer or attorney duly authorised.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

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

General:

The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

www.envictus-intl.com

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

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