FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS

Issuer & Securities

Issuer/ Manager

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Securities

ENVICTUS INTERNATIONAL HLDGLTD - SG1CF4000007 - BQD

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Announcement Details

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Designation

COMPANY SECRETARIES

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Please refer to the attachments.

Additional Details

For Financial Period Ended

31/03/2024

Attachments

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ENVICTUS INTERNATIONAL HOLDINGS LIMITED

(Company Registration No. 200313131Z)

Condensed Interim Financial Statements
For the Six Months Ended 31 March 2024

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group 6 months ended 31.3.2024 RM'000	6 months ended 31.3.2023 RM'000	Change %
Revenue	4	314,101	280,064	12.2
Cost of sales		(178,020)	(171,153)	4.0
Gross profit		136,081	108,911	24.9
Other income		17,376	4,513	>100
Operating expenses				
Administrative expenses		(19,004)	(19,490)	(2.5)
Selling and marketing expenses		(90,745)	(83,673)	8.5
Warehouse and distribution expenses		(11,423)	(10,822)	5.6
Research and development expenses		(519)	(536)	(3.2)
Other operating expenses		(6,198)	(372)	>100
		(127,889)	(114,893)	11.3
Profit/(Loss) before interest and income tax		25,568	(1,469)	>100
Finance costs		(7,178)	(9,495)	(24.4)
Profit/(Loss) before taxation	5	18,390	(10,964)	>100
Taxation	7	(2,031)	(1,494)	35.9
Profit/(Loss) for the financial period		**16,359**	**(12,458)**	**>100**
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss (net of tax)				
Exchange differences on translation of foreign operations (net)		**773**	**(1,044)**	>100
Items that will not be reclassified subsequently to profit or loss (net of tax)				
Net fair value changes on financial assets at FVOCI		**1,295**	**(2,999)**	>100
Total other comprehensive income for the period		**2,068**	**(4,043)**	>100
Total comprehensive income for the period		**18,427**	**(16,501)**	**>100**
Profit/(Loss) attributable to:				
Owners of the Company		**16,359**	**(12,458)**	**>100**
Total comprehensive income attributable to:				
Owners of the Company		**18,427**	**(16,501)**	**>100**
Earnings/(Loss) per share for the period attributable to the owners of the Company (RM sen):	8	**5.38**	**(4.66)**	**>100**

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 31.3.2024 RM'000	As at 30.9.2023 RM'000	As at 31.3.2024 RM'000	As at 30.9.2023 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment*	11	296,655	303,372	-	-
Investment property	12	18,120	18,331	-	-
Investments in subsidiaries		-	-	357,258	348,147
Financial assets at fair value through other comprehensive income ("FVOCI")	13	9,057	7,622	9,057	7,622
Rental and utility deposits		10,836	10,739	-	-
Deferred tax assets		308	308	-	-
Intangible assets	14	28,589	28,760	-	-
Total non-current assets		**363,565**	**369,132**	**366,315**	**355,769**
Current assets					
Inventories		54,165	53,413	-	-
Trade and other receivables		81,372	53,896	64,339	68,300
Cash and bank balances		24,029	18,328	1,879	1,520
		159,566	**125,637**	**66,218**	**69,820**
Assets classified as held for sale	15	-	73,702	-	-
Total current assets		**159,566**	**199,339**	**66,218**	**69,820**
Total assets		**523,131**	**568,471**	**432,533**	**425,589**
LIABILITIES					
Current liabilities					
Trade and other payables		101,191	111,511	22,240	23,024
Amount due to director		3,583	3,183	3,583	3,183
Bank borrowings	16	57,097	109,108	-	-
Lease liabilities		24,921	23,938	-	-
Current income tax payable		496	447	-	-
Total current liabilities		**187,288**	**248,187**	**25,823**	**26,207**
Non-current liabilities					
Amount due to director		9,000	9,000	9,000	9,000
Bank borrowings	16	52,761	50,096	-	-
Lease liabilities		92,910	98,482	-	-
Provision for restoration costs		4,915	4,876	-	-
Deferred tax liabilities		3,450	3,450	-	-
Total non-current liabilities		**163,036**	**165,904**	**9,000**	**9,000**
Total liabilities		**350,324**	**414,091**	**34,823**	**35,207**
NET ASSETS		**172,807**	**154,380**	**397,710**	**390,382**
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	17	208,139	208,139	208,139	208,139
Treasury shares	17	(183)	(183)	(183)	(183)
Accumulated (losses)/profits		(43,589)	(59,948)	120,575	121,799
Foreign currency translation reserve		38,608	37,303	96,954	89,165
Fair value reserve		(27,774)	(28,537)	(27,775)	(28,538)
Other reserve		(2,394)	(2,394)	-	-
Total equity		**172,807**	**154,380**	**397,710**	**390,382**

** Includes right-of-use assets*

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Other reserves RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 October 2023	208,139	(183)	37,303	(28,537)	(2,394)	(59,948)	154,380
Profit for the financial period	-	-	-	-	-	16,359	16,359
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	1,305	(532)	-	-	773
Net fair value gain on financial assets at FVOCI	-	-	-	1,295	-	-	1,295
Total other comprehensive income	-	-	1,305	763	-	-	2,068
Total comprehensive income	-	-	1,305	763	-	16,359	18,427
At 31 March 2024	208,139	(183)	38,608	(27,774)	(2,394)	(43,589)	172,807
At 1 October 2022	177,865	(183)	33,497	(24,323)	(2,394)	(25,730)	158,732
Loss for the financial period	-	-	-	-	-	(12,458)	(12,458)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(262)	(782)	-	-	(1,044)
Net fair value gain on financial assets at FVOCI	-	-	-	(2,999)	-	-	(2,999)
Total other comprehensive income	-	-	(262)	(3,781)	-	-	(4,043)
Total comprehensive income	-	-	(262)	(3,781)	-	(12,458)	(16,501)
Issuance of share capital	30,274	-	-	-	-	-	30,274
At 31 March 2023	208,139	(183)	33,235	(28,104)	(2,394)	(38,188)	172,505

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (Continued)

Company	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Accumulated profits RM'000	Total equity RM'000
At 1 October 2023	208,139	(183)	89,165	(28,538)	121,799	390,382
Loss for the financial period	-	-	-	-	(1,224)	(1,224)
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	7,789	(532)	-	7,257
Net fair value gain on financial assets at FVOCI	-	-	-	1,295	-	1,295
Total other comprehensive income	-	-	7,789	763	-	8,552
Total comprehensive income	-	-	7,789	763	(1,224)	7,328
At 31 March 2024	208,139	(183)	96,954	(27,775)	120,575	397,710
At 1 October 2022	177,865	(183)	63,999	(24,339)	126,442	343,784
Loss for the financial period	-	-	-	-	(1,418)	(1,418)
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	11,545	(782)	-	10,763
Net fair value loss on financial assets at FVOCI	-	-	-	(2,984)	-	(2,984)
Total other comprehensive income	-	-	11,545	(3,766)	-	7,779
Total comprehensive income	-	-	11,545	(3,766)	(1,418)	6,361
Issuance of share capital	30,274	-	-	-	-	30,274
At 31 March 2023	208,139	(183)	75,544	(28,105)	125,024	380,419

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group 6 months ended 31.3.2024 RM'000	Group 6 months ended 31.3.2023 RM'000
Operating activities		
Profit/(Loss) before taxation	18,390	(10,964)
Adjustments for:		
Depreciation of property, plant and equipment	19,539	22,786
Finance costs	7,178	9,495
Property, plant and equipment written off	278	347
Amortisation of intangible assets	281	248
Depreciation of investment property	211	211
Foreign currency exchange loss/(gain), net	500	(1,545)
Loss on disposal of a subsidiary (Note A)	4,874	-
Loss on liquidation of a subsidiary	-	82
Loss allowance on receivables, net	149	34
Gain on disposal of assets held for sale	(13,867)	-
Gain on lease modifications, net	(1,567)	(145)
Interest income	(85)	(105)
Rent concession	(100)	(219)
Gain on disposal of property, plant and equipment, net	(6)	-
Operating profit before working capital changes	**35,775**	**20,225**
Working capital changes:		
Inventories	(1,369)	(11,456)
Trade and other receivables	4,331	3,819
Trade and other payables	(9,041)	2,510
Cash generated from operations	29,696	15,098
Interest paid	(789)	(935)
Income tax paid, net	(1,840)	(1,332)
Net cash generated from operating activities	**27,067**	**12,831**
Investing activities		
Interest received	85	105
Net proceeds from disposal of assets held for sale	17,611	-
Net proceeds from disposal of a subsidiary (Note A)	30,723	-
Proceeds from disposal of property, plant and equipment	8	11,073
Purchase of property, plant and equipment	(3,810)	(8,310)
Purchase of intangible assets	(110)	(2,788)
Net cash generated from investing activities	**44,507**	**80**
Financing activities		
Proceeds from issuance of shares	-	30,274
Interest paid	(6,389)	(8,560)
Advances from/(Repayment to) director, net	400	(6,846)
Repayment of lease obligations	(12,199)	(11,783)
Drawdown of bank borrowings	68,082	30,789
Repayment of bank borrowings	(118,655)	(43,806)
Net cash used in financing activities	**(68,761)**	**(9,932)**
Net change in cash and cash equivalents	**2,813**	**2,979**
Cash and cash equivalents at the beginning of the financial period	15,663	14,918
Effect of exchange rate changes	8	43
Cash and cash equivalents at the end of the financial period	**18,484**	**17,940**
Cash and cash equivalents comprise the following:		
Cash and bank balances	24,029	19,545
Less: Pledged fixed deposits	(3,559)	(1,605)
Less: Bank overdrafts	(1,986)	-
	18,484	**17,940**

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Note A: Disposal of a subsidiary

On 26 October 2023, the Group disposed of 100% equity interest in Gourmessa Sdn Bhd for a cash consideration of RM33,808,000, which RM808,000 will be received on the date falling 18 months from the date of completion (“Deferred payment”).

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

	Carrying amount RM’000
Property, plant and equipment (classified as assets held for sale in prior year)	36,755
Intangible assets (classified as assets held for sale in prior year)	11
Inventories	617
Other receivables	301
Cash and bank balances	181
Trade and other payables	(1,279)
Amount due to shareholder	(33,179)
Net assets disposed of	3,407

The effects of disposal of a subsidiary on cash flows are as follows:

Consideration for the disposal of a subsidiary	33,808
Less: Completion debts	(33,179)
Less: Working capital adjustments	(2,018)
Less: Incidental costs	(78)
Net consideration	(1,467)
Net identifiable assets disposed (as above)	(3,407)
Loss on disposal	(4,874)

Consideration receivable	33,808
Less: Cash and cash equivalents disposed	(181)
Less: Working capital adjustments and incidental costs	(2,096)
Less: Deferred payment	(808)
Net cash inflow on disposal	30,723

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Envictus International Holdings Limited (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 31 March 2024 comprise the Company and its subsidiaries (collectively, the “Group”). The primary activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities of the Group are:
a) Operating of fast food restaurant and specialty coffee chains;
b) Wholesalers of foodstuff and frozen food; and
c) Manufacturing and distribution of condensed and evaporated milk.

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 March 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 30 September 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Ringgit Malaysia (“RM”) which is the functional currency and the presentation currency of the significant components in Malaysia and all values presented are rounded to the nearest thousand (“RM’000”) as indicated.

The preparation of condensed financial statements in compliance with SFRS(I) 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.

<u>Going concern assumption</u>

The Group recorded a net profit of RM16,359,000 for the six months ended 31 March 2024. The Group’s net current liabilities and capital commitment contracted but not provided for as at 31 March 2024 was RM27,722,000 and RM4,138,000, respectively.

Due to the non-compliance of the financial covenant by a subsidiary in relation to the maintenance of positive tangible net worth as at 31 March 2024, certain long-term bank borrowings with total amount of RM4,209,000 have been reclassified to current liabilities. The Group is still in discussion with the banks and there is no indication that the banks will request for early repayment of the outstanding amount as of the date when these financial statements were approved by the Directors. Excluding these long-term borrowings that were reclassified to current liabilities, the Group’s negative working capital would be RM23,513,000.

The Directors of the Company are of the opinion that no material uncertainty exists and the going concern basis is appropriate in the preparation of the financial statements based on the following:

a) The Directors of the Company have carried out a detailed review of the Group cash flow forecast and are satisfied that the Group has adequate unutilised credit facilities and securing new credit facilities to fund its working capital, capital commitments and financial obligations; and

b) More detailed actions which are taken by the management to monitor the liquidity position are disclosed in the Note F.2 (page 19) under the “Review on Statements of Financial Position”.

2. Basis of preparation (Continued)

2.1 New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The accounting policies adopted and methods of computation applied are consistent with those previously applied under SFRS(I)s except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 October 2023.

The application of these amendments to standards and interpretations does not have a material effect on the financial statements. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.2 Use of judgement and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Group's accounting policies, management is of the opinion that any instances of application of judgements are not expected to have significant effect on the amounts recognised in the financial statements.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group businesses are organised into the following main segments:

a) Food Services Division – Texas Chicken restaurants and San Francisco Coffee chains;
b) Trading and Frozen Food Division; and
c) Dairies Division – manufacturing and distribution of condensed and evaporated milk.

4.1 Reportable segments

Six months ended 31 March 2024

Group	Food Services RM'000	Trading and Frozen Food RM'000	Dairies RM'000	Food Processing RM'000	Unallocated RM'000	Total RM'000
Revenue						
Total revenue	185,218	70,990	109,117	-	7,016	372,341
Intersegment revenue	-	(4,485)	(46,739)	-	(7,016)	(58,240)
Revenue from external customers	185,218	66,505	62,378	-	-	314,101
Segment results	16,100	4,955	2,995	(11)	1,444	25,483
Interest income	36	35	13	-	1	85
Finance costs	(4,839)	(246)	(1,600)	(136)	(357)	(7,178)
Profit/(Loss) before tax	11,297	4,744	1,408	(147)	1,088	18,390
Income tax	(10)	(1,840)	-	-	(181)	(2,031)
Profit/(Loss) from operations	11,287	2,904	1,408	(147)	907	16,359
Segment assets	224,664	87,351	121,182	-	89,934	523,131
Segment liabilities	(214,929)	(18,391)	(87,720)	-	(29,284)	(350,324)
Other information						
Additions to property, plant and equipment	23,541	368	22	-	489	24,420
Additions to intangible assets	71	39	-	-	-	110
Depreciation and amortisation	16,724	734	1,452	-	1,120	20,030
Loss allowance on receivables, net	-	142	7	-	-	149
Property, plant and equipment written off	163	115	-	-	-	278
Gain on lease modifications	(1,567)	-	-	-	-	(1,567)
Gain on disposal of property, plant and equipment	-	(6)	-	-	-	(6)
Gain on disposal of assets held for sale	-	(136)	-	-	(13,731)	(13,867)
Loss on disposal of a subsidiary	-	-	-	-	4,874	4,874

4.1 Reportable segments (Continued)

Six months ended 31 March 2023

Group	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Dairies RM'000	Unallocated RM'000	Total RM'000
Revenue						
Total revenue	150,935	91,307	-	85,678	5,604	333,524
Intersegment revenue	(1)	(8,701)	-	(39,154)	(5,604)	(53,460)
Revenue from external customers	150,934	82,606	-	46,524	-	280,064
Segment results	(4,672)	7,074	139	(471)	(3,644)	(1,574)
Interest income	39	48	1	-	17	105
Finance costs	(6,051)	(645)	(801)	(1,562)	(436)	(9,495)
(Loss)/Profit before tax	(10,684)	6,477	(661)	(2,033)	(4,063)	(10,964)
Income tax	(7)	(1,425)	-	-	(62)	(1,494)
(Loss)/Profit from operations	(10,691)	5,052	(661)	(2,033)	(4,125)	(12,458)
Segment assets	238,666	110,718	41,265	112,535	80,567	583,751
Segment liabilities	(222,919)	(36,224)	(36,407)	(83,033)	(32,663)	(411,246)
Other information						
Additions to property, plant and equipment	20,708	67	116	323	1,517	22,731
Additions to intangible assets	2,777	9	-	2	-	2,788
Depreciation and amortisation	17,042	1,783	1,830	1,415	1,175	23,245
Loss allowance on receivables, net	-	(75)	-	119	(10)	34
Gain on lease modifications and reassessments	(145)	-	-	-	-	(145)
Property, plant and equipment written off	347	-	-	-	-	347

4.2 Geographical segments

Six months ended 31 March 2024:

Group	Malaysia RM'000	Africa RM'000	Asean RM'000	America RM'000	Total RM'000
Total revenue from external customers	309,086	3,292	1,610	113	314,101
Segment non-current assets*	343,364	-	-	-	343,364

Six months ended 31 March 2023:

Group	Malaysia RM'000	Middle East RM'000	Asean RM'000	Total RM'000
Total revenue from external customers	277,847	999	1,218	280,064
Segment non-current assets*	363,993	-	-	363,993

* Excludes financial assets at FVOCI, deferred tax assets and deposits.

5. Profit/(Loss) before taxation

	Group	
	6 months ended 31.3.2024 RM'000	6 months ended 31.3.2023 RM'000
Loss allowance on receivables, net	149	34
Amortisation of intangible assets	281	248
Depreciation of property, plant and equipment	19,539	22,786
Depreciation of investment property	211	211
Lease expenses on:		
- Short-term leases/low value assets	6,441	5,581
- Rent concession	(100)	(219)
Loss on disposal of a subsidiary	4,874	-
Finance costs	7,178	9,495
Foreign currency exchange loss/(gain), net	897	(1,470)
Gain on disposal of assets classified as held for sale	(13,867)	-
Gain on lease modifications	(1,567)	(145)
Gain on disposal of property, plant and equipment	(6)	-
Property, plant and equipment written off	278	347

6. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the Group entered into the following transactions with related parties at rates and terms agreed between the parties.

	Group	
	6 months ended 31.3.2024 RM'000	6 months ended 31.3.2023 RM'000
Insurance premium paid to a related party	1,236	1,203
Purchase of goods from a related party	57	150
Purchase of motor vehicle and service from related parties	-	228
Rental income	-	59
Consultancy fees paid to a Director	-	108
Advisory fees paid to a Director	-	43

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 31.3.2024 RM'000	6 months ended 31.3.2023 RM'000
Current income tax expense		
- Current year	1,850	1,432
- Under-provision in prior year	40	-
- Withholding tax	141	62
	2,031	1,494

8. Earnings/(Loss) per share

Basic earnings/(loss) 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 period.

	Group	
	6 months ended 31.3.2024	6 months ended 31.3.2023
Net profit/(loss) attributable to owners of the Company for the financial period (RM '000)	16,359	(12,458)
Weighted average number of ordinary shares in issue	304,181,353	267,126,539
Basic earnings/(loss) per share (RM sen)	5.38	(4.66)

9. Net asset value per share

	Group		Company	
	As at 31.3.2024 RM	As at 30.9.2023 RM	As at 31.3.2024 RM	As at 30.9.2023 RM
Net asset value per ordinary share based on issued share capital at the end of the financial year	0.57	0.51	1.31	1.28

10. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2024 and 30 September 2023:

		Group		Company	
	Note	As at 31.3.2024 RM'000	As at 30.9.2023 RM'000	As at 31.3.2024 RM'000	As at 30.9.2023 RM'000
Financial assets					
Trade and other receivables*		87,561	58,787	64,248	68,244
Cash and bank balances		24,029	18,328	1,879	1,520
Financial assets at amortised costs		111,590	77,115	66,127	69,764
Financial assets at FVOCI	13	9,057	7,622	9,057	7,622
Total financial assets		120,647	84,737	75,184	77,386
Financial liabilities					
Trade and other payables**		97,192	108,384	22,239	23,024
Amount due to directors		12,583	12,183	12,583	12,183
Bank borrowings	16	109,858	159,204	-	-
Lease liabilities		117,831	122,420	-	-
Financial liabilities at amortised costs, represent total financial liabilities		337,464	402,191	34,822	35,207

* Excludes SST receivables, prepayments, advances to suppliers and tax recoverable. Other receivables for the Company include amount due from subsidiaries.

** Excludes SST payables and contract liabilities. Other payables for the Company include amount due to subsidiaries.

11. Property, plant and equipment

During the period ended 31 March 2024, the Group acquired and disposed of assets (included assets held for sale) amounting to RM24,420,000 (31 March 2023: RM22,731,000) and RM73,692,000 (31 March 2023: RM Nil) respectively.

12. Investment property

Group	31.3.2024 RM'000	30.9.2023 RM'000
Cost		
At the beginning of the financial period/year	21,670	23,103
Reclassification to property, plant and equipment	-	(1,433)
At the end of the financial period/year	21,670	21,670
Accumulated depreciation		
At the beginning of the financial period/year	3,339	3,111
Depreciation for the financial period/year	211	421
Reclassification to property, plant and equipment	-	(193)
At the end of the financial period/year	3,550	3,339
Net carrying amount	18,120	18,331

12.1 Valuation

As at 31 March 2024, the fair value of the Group's investment property amounted to RM46,000,000 (30 September 2023: RM46,000,000). The leasehold land and building ("office building") is partially owner-occupied where the net carrying amount of RM17,827,000 (30 September 2023: RM18,034,000) is included in property, plant and equipment.

The management had assessed the valuation of the Group's office building with the assistance of an independent professional valuation firm on 20 September 2023 that has the relevant experience in the location and category of the property. The valuation was based on the assets highest and best use arrived at using the direct sales comparison approach by analysing sales and listing of similar properties in the locality by making reference to market evidence of prices per square feet and adjusted for differences in key attributes such as property size, location and other relevant factors.

The resulting fair value of investment property is considered Level 3 (30 September 2023: Level 3) fair value measurement.

13. Financial assets at fair value through other comprehensive income ("FVOCI")

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significant of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Quoted prices (unadjusted) in active markets for identified assets or liabilities **(Level 1)**;
b) Inputs other than quoted shares included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) **(Level 2)**; and
c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) **(Level 3)**.

The following table presented the assets measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31.3.2024				
Group				
Financial assets				
FVOCI investments	9,057	-	-	9,057
Company				
Financial assets				
FVOCI investments	9,057	-	-	9,057
30.9.2023				
Group				
Financial assets				
FVOCI investments	7,622	-	-	7,622
Company				
Financial assets				
FVOCI investments	7,622	-	-	7,622

14. Intangible assets

Group	Goodwill RM'000	Trademarks RM'000	Computer Software RM'000	Franchise fee RM'000	Total RM'000
Cost					
At 1 October 2023	19,059	10,421	1,652	11,609	42,741
Additions	-	-	39	71	110
At 31 March 2024	19,059	10,421	1,691	11,680	42,851
Accumulated amortisation					
At 1 October 2023	-	-	1,504	3,390	4,894
Amortisation charge	-	-	30	251	281
At 31 March 2024	-	-	1,534	3,641	5,175
Accumulated impairment					
At 1 October 2023/ 31 March 2024	2,020	7,067	-	-	9,087
Net carrying amount					
At 31 March 2024	17,039	3,354	157	8,039	28,589
Cost					
At 1 October 2022	19,059	10,398	1,970	8,692	40,119
Additions	-	-	12	2,917	2,929
Reclassification to assets held for sale	-	-	(108)	-	(108)
Disposal	-	-	(222)	-	(222)
Currency realignment	-	23	-	-	23
At 30 September 2023	19,059	10,421	1,652	11,609	42,741
Accumulated amortisation					
At 1 October 2022	-	-	1,749	2,930	4,679
Amortisation charge	-	-	74	460	534
Reclassification to assets held for sale	-	-	(97)	-	(97)
Disposal	-	-	(222)	-	(222)
At 30 September 2023	-	-	1,504	3,390	4,894
Accumulated impairment					
At 1 October 2022/ 30 September 2023	2,020	7,067	-	-	9,087
Net carrying amount					
At 30 September 2023	17,039	3,354	148	8,219	28,760

During the financial period, the Group paid franchise fees for new stores of RM71,000 (30 September 2023: for renewal of franchise agreement to extend the franchise period to 2030 and new stores of RM2,917,000) in accordance with the International Multiple Unit Franchise and Development Agreement to develop and operate "Texas Chicken" restaurants for a period of 10 to 20 years in Malaysia.

Trademarks referred to the registered brands for Dairies and San Francisco Coffee (acquired through business combinations).

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

14. **Intangible assets** (Continued)

Impairment testing of goodwill, trademarks and other intangible assets

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

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

During the financial period, management determines that there is no impairment of the goodwill or intangible assets with indefinite and finite useful lives. For certain intangible assets within Food Services Division, the management has identified CGUs in outlet basis and the recoverable amount of the CGUs is determined by estimating future cash flows generated from respective outlets. The management has assessed that the average sales growth rate of the relevant outlets to be 34%.

For the remaining portion of the intangible assets within Food Division and Trading and Frozen Food Division, the recoverable amount of the CGUs was determined from value-in-use calculations based on forecasts derived from the most recent cash flow projections approved by management covering a 5-year period or more. The key assumptions for these value-in-use calculations were those regarding the discount rates, sales growth rates and gross margins.

	Food Services	**Trading and Frozen Food**
	%	**%**
31.3.2024/30.9.2023		
Gross margin(1)	55.36 – 66.00	22.28
Revenue growth rate(2)	10.00 – 20.68	8.57
Discount rate(3)	10.83 – 21.64	13.57

(1) Average budgeted gross margin.
(2) Average revenue growth rate for:
- Food Services: 5-year period for coffee chain and 10-year period for fast food restaurant; and
- Trading and Frozen Food: 5-year period

(3) Pre-tax discount rate applied to the cash flow projections.

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for all the CGUs were most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are benchmarked against average margins achieved in the five years preceding the start of the budget period. These are adjusted for anticipated efficiency improvements and expectations of future changes in market condition.

Revenue growth rates – The forecasted revenue growth rates are based on management estimates with reference to the historical trend as well as the forecasted economic condition over the budgeted period of 5 – 10 years.

Pre-tax discount rates – Discount rates are based on the Group's beta adjusted to reflect management's assessment of specific risks related to each of the CGUs.

The budgeted period of 10 years used for fast food restaurants due to the renewal of franchise agreement for another 10 years.

15. Assets classified as held for sale

<u>In the previous financial year:</u>

On 10 May 2023, the Group had entered into two separate conditional sale and purchase agreements with PrimaBaguz Foods Sdn Bhd for an aggregate consideration of RM86,000,000 for the sale of the following assets:

i) 100% equity interest in Gourmessa Sdn Bhd and Assets by Pok Brothers Sdn Bhd for an aggregate consideration of RM57,000,000 (both companies are indirect subsidiaries of the Company);

   Assets comprise all assets in relation to the operations of the Warehouse and Cold Storage Facility located at Pulau Indah, Selangor.

ii) Sale of 2 pieces of leasehold land held under Lot numbers PT 129334 and 129335 located at Pulau Indah, Selangor for an aggregate consideration of RM29,000,000.

The proposed sale of assets and subsidiary have been completed on 26 October 2023. RM52,000,000 of the total sale consideration less 3% retention sum of RM870,000 for real property gain tax ("RPGT"), less such portion of bank borrowings associated with the sale assets was paid on the completion date on 26 October 2023. The remaining balance of RM34,000,000 will be received on the date falling 18 months from the date of completion (deferred payment).

Accordingly, the following non-current assets in relation to the proposed sale of assets and subsidiary were reclassified as assets held for sale in the consolidated statement of financial position in the previous financial year:

Group	**As at 30.9.2023 RM'000**
Property, plant and equipment	73,691
Intangible assets	11
	73,702

16. Bank borrowings

Group	**As at 31.3.2024**	**As at 30.9.2023**
Secured:	**RM'000**	**RM'000**
Amount repayable within one year or on demand		
Bank borrowings	57,097	109,108
Lease liabilities (finance lease)	6,869	6,682
	63,966	115,790
Amount repayable after one year		
Bank borrowings	52,761	50,096
Lease liabilities (finance lease)	5,098	8,253
	57,859	58,349
Total	**121,825**	**174,139**

In the previous financial year, long term borrowings of RM37,562,000 that are related to the assets held for sale were reclassified to short term borrowings in current liabilities and were repaid upon sale completion on 26 October 2023.

The Group's bank borrowings as at 31 March 2024 are secured against the following:

- ⇨ Pledge of certain leasehold land, freehold land and buildings and investment property;
- ⇨ Pledge of fixed deposit of subsidiaries;
- ⇨ Debenture comprising fixed and floating charge over all future and present assets of a subsidiary; and
- ⇨ Company's corporate guarantee, including for finance lease payables.

16. Bank borrowings (Continued)

The Group's finance lease liabilities are secured by way of a charge against the respective machineries and motor vehicles under finance leases.

Breach of subsidiaries' financial covenants

Subsidiaries of the Group have not complied with the financial covenants in relation to the maintenance of positive tangible net worth and a gearing ratio of less than 5 times as at 31 March 2024.

Due to the non-compliance of the financial covenants, the banks are contractually entitled to request immediate repayment of the outstanding amount. Accordingly, the total non-current bank borrowings of RM4,209,000 (30 September 2023: RM6,744,000) million have been reclassified to current liabilities as at 31 March 2024.

The Group is still in discussion with the banks and there is no indication that the banks will request for early repayment of the outstanding amount as of the date when these financial statements were approved by the Directors.

17. Share capital and treasury shares

	31.3.2024			30.9.2023		
Group and Company	**Number of shares**	**Amount S$'000**	**Amount RM'000**	**Number of shares**	**Amount S$000**	**Amount RM'000**
Share capital						
Issued and fully paid:						
At beginning of the financial period/year	304,423,353	77,642	208,139	247,356,403	68,511	177,865
Addition during the financial year	-	-	-	57,066,950	9,131	30,274
At end of the financial period/year	304,423,353	77,642	208,139	304,423,353	77,642	208,139
Treasury shares						
At beginning/end of the financial period/year	242,000	76	183	242,000	76	183

In the previous financial year, the Group raised S$9,131,000 (approximately RM30,274,000) from the allotment and issue of 57,066,950 new ordinary shares in the capital of the Company pursuant to the exercise of 57,066,950 warrants at the exercise price of S$0.16 per share.

As at 31 March 2024, the total number of issued shares excluding treasury shares of the Company was 304,181,353 shares (30 September 2023: 304,181,353 shares).

18. Subsequent events

The Group has no other significant event subsequent to 31 March 2024.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of Envictus International Holdings Limited and its subsidiaries as at 31 March 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period and full year then ended, and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

The Group's core business segments are as follows:

a) Food Services Division – Texas Chicken restaurants and San Francisco Coffee chains;
b) Trading and Frozen Food Division;
c) Dairies Division – manufacturing and distribution of condensed and evaporated milk.
d) Food Processing Division – butchery (business disposed on 26 October 2023)

Review on Consolidated Statement of Comprehensive Income

For the six months ended 31 March 2024 under review, the Group posted a 12.2% growth in revenue to RM314.1 million from RM280.1 million in the previous corresponding period, contributed mainly by its Food Services and Dairies Divisions, partially offset by underperformance of Trading and Frozen Food Division.

The Food Services Division's revenue edged 22.7% higher to RM185.2 million from RM150.9 million, largely contributed from Texas Chicken restaurants. Texas Chicken's revenue was up by 27.6% from RM131.2 million to RM167.4 million on the back of comparable stores sales growth and price increases. This was offset by underperformance from San Francisco Coffee chain which saw the topline declined by 9.6% from RM19.7 million to RM17.8 million, dragged down by heightened competition within the coffee retail industry, coupled with the closure of high-performance Seremban Gateway store due to expiry of lease term.

Number of stores of each business are as follows:

	As at 31.3.2024	As at 31.3.2023
Texas Chicken Malaysia	92	93
San Francisco Coffee	50	48

Revenue of the Trading and Frozen Food Division fell 19.5% to RM66.5 million from RM82.6 million largely due to slower sales momentum from restaurant and hotel sectors amid market slowdown, competitive pricing and lesser tourism arrivals.

Dairies Division's revenue jumped 34.2% to RM62.4 million from RM46.5 million achieved in the previous corresponding period, boosted by volume growth and growing market penetration.

Gross profit margin improved by 4.4% from 38.9% to 43.3%, largely contributed from the Food Services and Dairies Divisions. Food Services' profit margin improved amid reduction in food costs and increase in selling price. Dairies' profit margin improved due to increased production output has led to better production yield and lower raw material costs.

Other operating income of RM17.4 million comprised mainly of gain on disposal of assets and gain on lease modifications of RM13.9 million and RM1.6 million, respectively. In the previous financial period, other operating income of RM4.5 million comprised mainly of gain from foreign currency fluctuation and payroll subsidies from the government.

Overall, operating expenses increased by 11.3% from RM114.9 million to RM127.9 million primarily attributable to higher selling and marketing expenses, warehouse and distribution expenses, and other operating expenses, which increased by RM7.1 million, RM0.6 million and RM5.8 million, respectively.

Selling and marketing increased by RM7.1 million principally due to higher delivery commission of RM3.0 million on increased delivery sales, coupled with higher repair and maintenance expenses of RM1.6 million on outlets. Higher warehouse and distribution expenses of RM0.6 million primarily due to increase in handling and storage expenses which were accounted as cost of goods sold in the previous corresponding period. Other operating expenses increased by RM5.8 million largely due to loss on disposal of a subsidiary of RM4.9 million and foreign currency fluctuation loss of RM0.9 million.

Finance costs decreased 24.4% to RM7.2 million from RM9.5 million principally due to lower bank borrowings following the settlement of loans that associated with the disposed assets.

Income tax of RM2.0 million largely arrived from gain on disposal of assets.

Consequently, the Group turns to profit after tax of RM16.4 million compared with loss after tax of RM12.5 million posted in the same period last year.

Review on Statements of Financial Position

Non-current assets decreased by RM5.6 million primarily owing to the depreciation on property, plant and equipment, partially offset against the capital expenditure incurred for new outlets.

Current assets (excluding non-current assets held for sale) increased by RM33.9 million mainly due to deferred payment of RM34.0 million from the disposal of assets, which to be received on the date falling 18 months from the date of sale completion. Current liabilities decreased by RM60.9 million mainly due to settlement of bank borrowings on completion date of disposal of assets. Non-current liabilities decreased by RM2.9 million mainly due to repayment of lease liabilities.

The Group has a negative working capital of RM27.7 million as at 31 March 2024. Due to the non-compliance of the financial covenant by a subsidiary in relation to the maintenance of positive tangible net worth as at 31 March 2024, certain long-term bank borrowings of RM4.2 million have been reclassified to current liabilities. The Group is still in discussion with the banks and there is no indication that the banks will request for early repayment of the outstanding amount as of the date when these interim financial statements were approved by the Directors. Excluding these long-term borrowings that were reclassified to current liabilities, the Group’s negative working capital would be RM23.5 million.

The Group will monitor its liquidity position to ensure it is able to meet the short-term debts obligations by taking the following actions to reduce both operational and financial risks:

(a) The Group is actively engaging with its bankers to obtain additional financing. The Group is currently seeking additional RM36.0 million secured term loan from its banker;

(b) The Group is actively engaging with its trade and other creditors to extend the existing credit terms;

(c) The Group will continue to carry out cost-saving initiatives to manage costs to preserve cash;

(d) The Group manages inventories, trade receivables and trade payables to optimise cash flow and liquidity;

(e) The Group will continue to monetise certain of its other non-core assets when the opportunity arises; and

(f) As and when required, the Executive Chairman has committed to fund any urgent shortfall in the working capital of the Group. As at 31 March 2024, the amount due to Executive Chairman amounting to RM12.6 million.

Review on Consolidated Statement of Cash Flows

As at 31 March 2024, the Group’s cash and cash equivalents stood at RM18.5 million, an increase of RM0.6 million from RM17.9 million recorded in the previous financial period.

The Group generated a net cash from operating activities of RM27.1 million principally from the operating profit and decrease in trade and other receivables of RM35.8 million and RM4.3 million respectively. These were reduced by increase in inventories, decrease in trade and other payables, interest and income tax paid of RM1.4 million, RM9.0 million and RM2.6 million, respectively.

Proceeds from disposal of a subsidiary and assets have raised a total amount of RM48.3 million, which were largely utilised for repayment of bank borrowings. Consequently, total net cash generated from investing activities and net cash used in financing activities amounted to RM44.5 million and RM68.8 million, respectively.

3. Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is no changes in the Company's share capital and treasury shares as disclosed in Note E.17.

The number of treasury shares held by the Company as at 31 March 2024 constituted 0.1% (30 September 2023: 0.1%) of the total number of ordinary share outstanding.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2024.

3.1 To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 March 2024, the total number of issued shares excluding treasury shares of the Company was 304,181,353 shares (30 September 2023: 304,181,353 shares).

3.2 A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 March 2024.

4. Where the figures had been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable as the figures have not been audited or reviewed by the Company's statutory auditors.

5. Whether the same accounting policies and method of computation as in the issuer's most recently audited financial statements have been applied. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect, of the change.

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently audited annual financial statements for the financial year ended 30 September 2023.

The Group has adopted the relevant new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") effective beginning from 1 October 2023. The adoption of these accounting standards will have no material impact on the financial statements.

6. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

7. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next operating period and the next 12 months

In the Malaysian foodservice market, Quick Service Restaurants (QSRs) play a significant role, offering convenient and budget-friendly options for consumers. Two emerging trends include a growing demand for loyalty rewards and a desire for better deals among customers. To stay ahead, Texas Chicken has put into place mobile apps and ordering devices to improve the speed of ordering process and offering good promotions to draw customers. While market factors, such as stable poultry prices and rising crude palm oil costs, impact QSRs' strategies, Texas Chicken will continue its efforts to manage expenses and to adjust menu prices, focus on value platforms, and implement targeted marketing campaigns. Expansion plans include opening new outlets while addressing underperforming locations.

The coffee chain industry in Malaysia faces challenges such as increasing costs of ingredients, rent, and labor, particularly affecting smaller players competing against larger chains with better economies of scale. Despite consistent global rises in coffee prices, San Francisco Coffee are implementing measures to minimize the impact, such as adjusting prices, collaborating with suppliers, and optimizing resources. The weak Ringgit has resulted in a significant challenge for San Francisco Coffee as coffee beans were purchased in USD. San Francisco Coffee has started to source for alternative beans which are sold in Ringgit to mitigate the impact of the foreign exchange. Expansion plans are also in place, with a focus on opening new stores, particularly smaller kiosks, to mitigate startup costs and explore opportunities in non-traditional locations like theme parks.

In the ever-changing landscape of the Food and Beverage (F&B) industry, Pok Brothers will encounter challenges influenced by global events and economic factors. The ongoing conflict between Israel and Hamas has disrupted shipping routes, resulting in delays and price hikes for goods originating from Europe. Additionally, the weakened performance of the Ringgit against the USD worsens these challenges, leading to higher landed costs for imported goods. This currency discrepancy puts financial pressure on Pok Brothers' operations, affecting profitability and requiring strategic adjustments in pricing and sourcing strategies to manage losses.

For the Dairies Division, the industry faces ongoing margin pressures due to increased input costs and operational expenses. While palm oils and milk powder remain stable, sugar prices have risen, posing challenges to profit margins. To mitigate this, the Group will continue to seek alternative suppliers with more competitive pricing. To expand market share, the Group plans to penetrate to more major hypermarket chains and East Malaysia to enhance brand awareness for dairy products.

Notwithstanding the continued positive turnaround in trading conditions and retail sentiment, the Group is cognizant and will remain steadfast in monitoring potential headwinds arising from global supply chain disruptions, workforce supply constraints and cost pressures on the back of an increase in minimum wages, rising interest rates and inflation.

The Group remains cautiously optimistic on the long-term business prospects and will continue to actively pursue various business strategies to increase revenue, improving efficiency and implementing cost control measures to remain competitive.

8. Dividend information

(a) Whether an interim (final) ordinary dividend has been declared (recommended).

No.

(b) (i) Amount per share (RM sen)
Not applicable.

(ii) Previous corresponding period (RM sen)
Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt.

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

8.1. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommended for the financial period ended 31 March 2024 as the Group needs to conserve cash resources for working capital requirement.

9. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

10. Review of performance of the Group - turnover and earnings by the business segments

The Group's businesses comprise the Food Services, Trading and Frozen Food and Dairies Divisions. The Group has disposed of the Food Processing – Butchery business during the financial period.

For the six months ended 31 March 2024, the Food Services Division contributed 59.0% of the revenue, followed by the Trading and Frozen Food and Dairies Divisions of 21.2% and 19.8% respectively.

<u>**Food Services Division**</u>

Revenue rose 22.7% to RM185.2 million from RM150.9 million, largely contributed from Texas Chicken restaurants in Malaysia. Texas Chicken's revenue was up by 27.6% from RM131.2 million to RM167.4 million on the back of comparable stores sales growth and price increases. This was offset by underperformance from San Francisco Coffee chain which saw its topline declined by 9.6% from RM19.7 million to RM17.8 million, dragged down by heightened competition within the coffee retail industry, coupled with the closure of certain high-performance stores due to expiry of lease term.

The Division's profit before tax hit a record high of RM11.3 million compared with loss before tax of RM10.7 million in the previous corresponding period, supported by better performance from the Texas Chicken restaurants on the back of higher footfalls. This was further helped by higher profit margin on lower food costs, menu optimisation, price increases, as well as an improving operating environment with cost cutting measures and labour efficiency.

Segment assets decreased by RM14.0 million or 5.9% to RM224.7 million from RM238.7 million, largely due to depreciation, property and partly offset by capital expenditure for new outlets.

Segment liabilities decreased by RM8.0 million or 3.6% to RM214.9 million from RM222.9 million, mainly due to decrease in lease liabilities as a result of closure outlets and revised lease term for certain outlets.

<u>**Trading and Frozen Food Division**</u>

Revenue slipped 19.5% to RM66.5 million from RM82.6 million amid slower sales momentum from restaurant and hotel sectors as a result of competitive pricing and lesser tourism arrivals. This was also impacted by termination of sales to Subway following the proposed disposal of butchery business. As a result, the profit before tax dropped to RM4.7 million compared to profit before tax of RM6.5 million in the previous corresponding period.

Segment assets decreased by RM23.3 million or 21.0% to RM87.4 million from RM110.7 million mainly due to disposal of assets of RM23.1 million. Segment liabilities reported at RM18.4 million compared with RM36.2 million in the previous financial period, decreased by RM17.8 million or 49.2% due largely to settlement of bank borrowings in relation to the disposed assets.

<u>**Dairies Division**</u>

Revenue rose 34.2% to RM62.4 million from RM46.5 million, backed by higher sales volume and growing market penetration. The Division turns to profit before tax of RM1.4 million compared with loss before tax of RM2.0 million in the previous corresponding period, driven by revenue growth and cost price improvement due to softening raw materials prices.

Segment assets increased RM8.7 million or 7.7% to RM121.2 million from RM112.5 million mainly attributed to increase in inventories and trade receivables on higher sales volume. The segment liabilities increased RM4.7 million or 5.7% to RM87.7 million from RM83.0 million was largely due to increase in trade payables on higher purchases.

Food Processing Division

Butchery business posted a lower loss before tax of RM0.1 million compared with loss before tax of RM0.7 million in the corresponding period last year as the business has disposed of on 26 October 2023.

Unallocated

Unallocated companies reported a profit before tax of RM1.1 million compared with loss before tax of RM4.1 million largely due to gain on disposal of assets of RM13.9 million, partly offset by loss on disposal of a subsidiary of RM4.9 million, negative impact from foreign currency fluctuation of RM2.4 million and higher staff costs of RM1.1 million.

11. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual.

Dato' Jaya J B Tan and Mr. Richard Lee Keng Chian, being two directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statement for six-month period ended 31 March 2024 to be false or misleading in any material respect. A statement signed by us is on record.

12. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

By Order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' JAYA J B TAN
Executive Chairman

30 April 2024

ENVICTUS INTERNATIONAL HOLDINGS LIMITED
Registration No: 200313131Z

ENVICTUS

NEWS RELEASE

ENVICTUS ACHIEVES PROFITABILITY TURNAROUND TO RM16.4 MILLION, BACKED BY 12.2% REVENUE GROWTH TO RM314.1 MILLION[1] IN 1HFY2024

- ***Food Services Division, leading with 22.7% growth in revenue, largely contributed by Texas Chicken***
- ***Dairies Division achieves a commendable 34.2% surge in revenue, propelled by increase in sales volume and market penetration***
- ***Gross profit margin improves 4.4 percentage points to 43.3%***
- ***Strong pipeline for expansion of Food Services Division***
  - ***Texas Chicken continues with prudent expansion of 8 new outlets in FY2024 to improve revenue and earnings streams***
  - ***San Francisco Coffee to open 5 new cafes in FY2024, aimed at increasing brand profile and growing demand for coffee***

	1HFY2024	**1HFY2023**	**Change**
Revenue (RM Millions)	314.1	280.1	12.2%
Gross Profit (RM Millions)	136.1	108.9	24.9%
Gross Profit Margin (%)	43.3%	38.9%	4.4%
Net Attributable Profit/(Loss) (RM Millions)	16.4	(12.5)	>100%
Net Attributable Profit/(Loss) Margin (%)	5.2%	(4.4)%	>100%
EPS (RM sen)	5.38	(4.66)	>100%
NAV Per Share (RM)	0.57	0.51*	11.8%

** As at 30 September 2023*

[1] *Approximately S$89.7 million. Currency conversion based on S$1.00 = RM3.50145.*

Singapore, 30 April 2024 – Envictus International Holdings Limited ("Envictus" "恒益德國際控股有限公司" or the "Group"), an established Food & Beverage ("F&B") Group, reported today a turnaround to profitability of RM16.4 million for the six months ended 31 March 2024 ("1HFY2024"), from a net loss of RM12.5 million in the previous corresponding period ("1HFY2023"). Revenue rose 12.2% to RM314.1 million in 1HFY2024, from RM280.1 million in 1HFY2023, mainly attributed to the increased contributions from the Food Services and Dairies Divisions.

Profit before tax of RM18.4 million was derived from Food Services Division of RM11.3 million, Trading and Frozen Food Division of RM4.7 million, Dairies Division of RM1.4 million and balance RM1.0 million from Food Processing Division and non-operating companies.

Envictus' Group Chairman Dato' Jaya Tan (陈友文) said, "The profitability is a testament of our ongoing efforts in adapting to the changing landscape resulted from the past Covid-19 pandemic, disposing loss-making businesses and continuing cost control measures. The Group remains steadfast in our internal optimisation endeavours to strengthen our position and we are committed to expand our business prudently across all divisions."

"Backed by our strengthening Food Services Division, the Group will leverage on a robust demand to grow our presence with an expansion of 8 new Texas Chicken outlets, as well as the addition of 5 San Francisco Coffee cafes to further enhance revenue and earnings streams. Meanwhile, continual efforts are underway to increase E-commerce sales for our Trading and Frozen Food Division, enabling us to navigate challenges and drive sustainable growth."

"Additionally, we are encouraged by the significant growth in our Dairies Division, attributed to our competitive pricing alongside market penetration into major hypermarket chains. Looking ahead, we will continue with our efforts in enhancing sales by exercising financial prudence and proactive cash management to deliver sustainable growth and value to our shareholders."

Texas Chicken restaurant at Jalan Pengkalan Chepa, Kota Bharu, Kelantan

FINANCIAL REVIEW

For the period under review, the Group's revenue rose 12.2% to RM314.1 million from RM280.1 million in 1HFY2023, on the back of higher contributions from the Food Services and Dairies Divisions. Revenue from the Food Services Division edged 22.7% higher to RM185.2 million from RM150.9 million in 1HFY2023, primarily driven by the contributions from Texas Chicken restaurants, partially offset by the underperformance from San Francisco Coffee chain, attributed to intense competition and the closure of high-performance Seremban Gateway store following the expiration of its lease term.

Revenue contributions from the Trading and Frozen Food Division declined 19.5% to RM66.5 million in 1HFY2024, from RM82.6 million in 1HFY2023 amid slower sales momentum from restaurant and hotel sectors and competitive pricing and exacerbated by fewer tourism arrivals.

However, revenue from the Dairies Division surged 34.2% to RM62.4 million from RM46.5 million over the same period, driven by volume growth and growing market penetration.

Gross profit margin rose 4.4 percentage points to 43.3% in 1HFY2024 from 38.9% in 1HFY2023, mainly contributed from the Food Services and Dairies Divisions. Food Services' profit margin improved from the reduction in food costs and increase in selling price whilst Dairies' profit margin improved due to increased production output that has led to better production yield and lower raw material costs.

Meanwhile, the Group recorded a higher other operating income of RM17.4 million for the period under review, as compared to RM4.5 million in the previous corresponding period, mainly due to gain on disposal of assets and lease modifications.

Operating expenses increased by 11.3% to RM127.9 million, from RM114.9 million in the previous corresponding period, primarily attributable to higher selling and marketing expenses, warehouse and distribution expenses, and other operating expenses, which increased by RM7.1 million, RM0.6 million and RM5.8 million, respectively.

Selling and marketing expenses increased by RM7.1 million, due mainly to higher delivery commission of RM3.0 million on increased delivery sales, coupled with higher repair and outlets maintenance expenses of RM1.6 million. The increase of RM0.6 million in warehouse and distribution expenses was primarily due to the rise in handling and storage expenses, which were accounted as cost of goods sold in the previous corresponding period. The increase of RM5.8 million in other operating expenses was attributed to the loss on disposal of a subsidiary and foreign currency fluctuation loss.

Finance costs decreased by 24.4% to RM7.2 million in 1HFY2024, from RM9.5 million in the previous corresponding period, due mainly to lower bank borrowings following the settlement of loans associated with disposed assets. The recorded RM2.0 million income tax largely resulted from the gain on disposal of assets.

Consequently, the Group posted a profit after tax of RM16.4 million in 1HFY2024 as compared to a loss after tax of RM12.5 million in the previous corresponding period. Excluding the exceptional gain on disposal of assets and subsidiary and non-operating companies results, profit after tax derived from operations for 1HFY2024 was RM10.1 million.

As at 31 March 2024, the Group's cash and cash equivalents stood at RM18.5 million, while shareholders' equity was RM172.8 million.

OUTLOOK

Despite the positive turnaround in trading conditions and retail sentiment, the Group is cognizant and remain steadfast in identifying potential headwinds arising from global supply chain disruptions, workforce supply constraints and cost pressures on the back of an increase in minimum wages, rising interest rates and inflation.

Looking ahead, the Group remains cautiously optimistic on the long-term business prospects. To stay competitive, the Group will continue its active pursuit in various business strategies as well as enhancing efficiency through implementation of cost control measures to achieve revenue growth.

ABOUT ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Listed on SGX Catalist in 2004, and upgraded to the Mainboard in 2009, Envictus International Holdings Limited is an established Food & Beverage ("F&B") Group. The Group has an established portfolio of businesses and brands operating under its key business divisions – Food Services, Trading and Frozen Food and Dairies.

Under the Group's Food Services Division, Envictus has held exclusive rights to the Texas Chicken Franchise Agreement since July 2012, and has since renewed the Agreement for a second 10-year period starting from May 2022, to develop and operate the fast growing Texas Chicken fast food restaurant chains in Malaysia and Brunei. To further expand the Group's presence in key markets in Asia, the Group will develop a total of 125 "Texas Chicken" restaurants spanning across Malaysia and Brunei over a period of 10 years starting May 2022. Envictus also owns Malaysian homegrown specialty coffee chain business, "San Francisco Coffee" ("SFCoffee") which serves house-roasted coffee in Malaysia. Presently, the Group operates 92 Texas Chicken restaurants and 50 SFCoffee cafes[2].

For the Trading and Frozen Food Division, the Group's wholly-owned subsidiary, Pok Brothers Sdn Bhd, is one of Malaysia's leading frozen food and premium food wholesaler and is a supplier to several major restaurant chains in Malaysia.

Held by the Group's wholly-owned Motivage Sdn Bhd, the Group's Dairies Division manufactures condensed milk under the "SuJOHAN" brand. Following the attainment of the HALAL and VHM certifications in 2021 and 2023 respectively, the Dairies Division has captured emerging opportunities, positioning itself for expansive growth backed by global footprint and a legacy of quality with plans to export globally.

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

[2] *As of 30 April 2024.*

ISSUED ON BEHALF OF	:	Envictus International Holdings Limited
BY	:	Citigate Dewe Rogerson Singapore Pte Ltd 158 Cecil Street #05-01 SINGAPORE 069545
CONTACT	:	Ms Dolores Phua / Ms Louise Lim at telephone
DURING OFFICE HOURS	:	6534-5122
EMAIL	:	envictus@citigatedewerogerson.com