



ADVENTA

ADVENTA BERHAD

(Company No : 618533-M)

(Incorporated in Malaysia)

THIRD QUARTER REPORT ENDED 31 JULY 2018

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	Individual period		Cumulative period	
		Current Quarter Ended Unaudited 31-Jul-2018 RM'000	Corresponding Quarter Ended Unaudited 31-Jul-2017 RM'000	Current Year to Date Unaudited 31-Jul-2018 RM'000	Corresponding Year to Date Unaudited 31-Jul-2017 RM'000
Revenue	8	13,420	10,520	42,668	32,081
Operating expenses		(11,826)	(9,843)	(37,601)	(30,235)
Net foreign exchange gain/( loss)		44	4	(76)	48
Other operating income		26	70	57	263
Operating profit		1,664	751	5,048	2,157
Finance costs		(291)	(293)	(868)	(976)
Profit before taxation	8 & 13	1,373	458	4,180	1,181
Income tax expenses	16	(616)	(424)	(2,047)	(810)
Profit for the period		757	34	2,133	371
Profit attributable to:					
Owners of the parent		757	34	2,133	371
Profit for the period		757	34	2,133	371
Earnings per share (sen):					
Basic	23	0.50	0.02	1.40	0.24
Diluted	23	N/A	N/A	N/A	N/A
Number of ordinary shares ('000)	23	152,786	152,786	152,786	152,786

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<u>Individual period</u>	<u>Cumulative period</u>
	<b>Current year quarter</b>	<b>Current period</b>
Note	<b>31-Jul-2018</b>	<b>31-Jul-2018</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the period	757	2,133
Other comprehensive income:		
Foreign currency translation	-	-
Total comprehensive income for the period	<u>757</u>	<u>2,133</u>
Total comprehensive income attributable to:		
Owners of the parent	757	2,133
Non-controlling interests	-	-
Total comprehensive income for the period	<u>757</u>	<u>2,133</u>

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## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		Unaudited	Audited
		As at	As at
	Note	31-Jul-2018	31-Oct-2017
		RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment		48,288	49,046
Deferred development cost		26,910	27,088
Intangible assets		5,017	5,017
Deferred tax assets		-	579
		<u>80,215</u>	<u>81,730</u>
<b>Current assets</b>			
Inventories		20,013	14,722
Trade and other receivables	7	23,283	21,841
Prepaid operating expenses		644	142
Tax recoverable		-	86
Cash and bank balances		14,647	10,215
		<u>58,587</u>	<u>47,006</u>
<b>TOTAL ASSETS</b>		<u><u>138,802</u></u>	<u><u>128,736</u></u>

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	Unaudited As at 31-Jul-2018 RM'000	Audited As at 31-Oct-2017 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and other payables		12,047	11,439
Loans from Shareholders		10,000	-
Income tax payables		551	110
Loans and borrowings	20	<u>9,191</u>	<u>9,618</u>
		<u>31,789</u>	<u>21,167</u>
<b>Non-current liabilities</b>			
Loans and borrowings	20	22,442	25,258
Deferred tax liabilities		<u>1,587</u>	<u>1,064</u>
		<u>24,029</u>	<u>26,322</u>
<b>Total liabilities</b>		<u>55,818</u>	<u>47,489</u>
<b>Equity</b>			
Share capital		57,909	58,305
Retained profits		<u>25,075</u>	<u>22,942</u>
<b>Equity attributable to owners of the parent</b>		<u>82,984</u>	<u>81,247</u>
<b>Total equity</b>		<u>82,984</u>	<u>81,247</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>138,802</u>	<u>128,736</u>
Net assets per share (RM)		<u>0.54</u>	<u>0.53</u>

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Non-distributable</u>	<u>Distributable</u>		
	Share	Share	Retained	
	capital	premium	profits	
	RM'000	RM'000	RM'000	
			Total	
			RM'000	
<b><u>Quarter ended 30 April 2017</u></b>				
At 1 November 2016	53,475	4,830	22,802	81,107
Total comprehensive income	-	-	337	337
At 31 July 2017	<u>53,475</u>	<u>4,830</u>	<u>23,139</u>	<u>81,444</u>
<b><u>Quarter ended 30 April 2018</u></b>				
At 1 November 2017	58,305	-	22,942	81,247
Total comprehensive income	(396)	-	2,133	1,737
At 31 July18	<u>57,909</u>	<u>-</u>	<u>25,075</u>	<u>82,984</u>

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## UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Year to Date Ended 31-Jul-2018 Unaudited RM'000	Corresponding Year to Date Ended 31-Jul-2017 Unaudited RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	4,179	1,181
Adjustments for:		
Depreciation of property, plant and equipment	1,434	1,376
Interest income	(50)	(245)
Net unrealised foreign exchange loss	(14)	32
Property, plant and equipment written off	3	-
Operating profit before working capital changes	5,552	2,344
Increase in inventories	(5,291)	147
Increase in trade and other receivables	(2,675)	(7,936)
Increase in prepaid operating expenses	(501)	(304)
Increase in payables	11,846	(444)
Cash used in operations	8,931	(6,193)
Interest paid	(868)	(976)
Taxes paid	(417)	(255)
Net cash used in operating activities	7,646	(7,424)

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## UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Year to Date Ended 31-Jul-2018 Unaudited RM'000	Corresponding Year to Date Ended 31-Jul-2017 Unaudited RM'000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(678)	(987)
Corporate exercise expenses	(396)	-
Investment in deferred development cost	178	(332)
Interest received	50	246
Proceed from disposal of property, plant and equipment	-	4,458
Net cash (used in)/from investing activities	(846)	3,385
<b>Cash flows from financing activities</b>		
Net decrease in borrowings	(3,236)	(4,627)
Interest paid	868	976
Net cash used in financing activities	(2,368)	(3,651)
Net decrease in cash and cash equivalents	4,432	(7,690)
Cash and cash equivalents at beginning of financial period	10,215	21,002
<b>Cash and cash equivalents at end of financial period</b>	<b>14,647</b>	<b>13,312</b>
Cash and cash equivalents at end of financial period comprise:		
- Cash and bank balances	14,647	13,312

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**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

***PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134***

**1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with Malaysia Financial Reporting Standard (“MFRS”) 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 October 2017. The explanatory notes attached to the interim financial statements provide an explanation of events and transaction that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 October 2017.

The audited financial statements of the Group for the year ended 31 October 2017 were prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”). The significant accounting policies and method of computations adopted in preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 October 2017.

**2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The Independent Auditors have expressed an “except for” opinion on the Intangible Assets in the Audited Financial Statement of the company for the Financial Year Ended 31<sup>st</sup> October 2017 pursuant to paragraph 9.19(37) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad relating to the product development and goodwill of a subsidiary involved in home peritoneal dialysis products and services.

The Directors of the Company is of the opinion that the recoverable amount of the said intangible assets is higher than the carrying value as at 31 October 2017 and wish to highlight that the Company plan of exporting its home peritoneal dialysis to other neighboring countries and is in the process of finalizing the product registration.

Barring unforeseen circumstances, the Group expects a timeline of 24 months from 27<sup>th</sup> February 2018, being the date of the announcement of the “except for” opinion via Bursa Malaysia, to address the matter.





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**3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no other unusual items affecting assets, liabilities, equity, net income and cash flows during the financial year ended 31 July 2018.

**4. CHANGES IN ESTIMATES**

There were no changes in estimates that have had a material effect in the current quarter results.

**5. DEBTS AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

**6. DIVIDENDS PAID**

There were no dividends paid during the current quarter.



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**7. Trade and other receivables**

	<b>31-Jul-2018</b>	<b>31-Oct-2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
<b>Trade receivables</b>		
Third parties	22,448	19,200
<b>Other receivables</b>		
Other receivables	621	2,432
Deposits	213	209
	<hr/> 834	<hr/> 2,641
	<hr/> 23,283	<hr/> 21,841
Total trade and other receivables	23,283	21,841
Less: Included within other receivables		
<b>Add: Cash and bank balances</b>	<hr/> 14,647	<hr/> 10,215
Total loans and receivables	<hr/> 37,930	<hr/> 32,057

**(a) Trade receivables**

The Group's normal trade credit term ranges from 30 to 120 days (2017: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.



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### 7. Trade and other receivables (cont'd.)

#### (a) Trade receivables (cont'd.)

##### Ageing analysis of trade receivables

	31-Jul-2018 RM'000	31-Oct-2017 RM'000
Neither past due nor impaired	8,538	7,218
1 to 30 days past due not impaired	3,539	2,687
31 to 60 days past due not impaired	3,456	1,166
61 to 90 days past due not impaired	400	279
More than 91 days past due not impaired	6,119	7,453
	13,514	11,585
Impaired	397	397
	<u>22,448</u>	<u>19,200</u>

##### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

##### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM13,514 (2016: RM11,585) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

Based on past experience and no adverse information to date, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.



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### 8. SEGMENTAL INFORMATION

The company's businesses are grouped into two divisions:

- Healthcare
- Sterilization Services

**Healthcare:** The business comprises the manufacture, trading and third party logistics for the supply of healthcare and related products and services to hospitals, healthcare centers, pharmacies and other distributors in Malaysia and overseas. The customers are from ambulatory, acute and chronic care centers. The Dialysis business which include home and center based dialysis, supplies and nursing care is part of this division. Dialysis is chronic diseases management with ever-growing patient market. This business is still at the infancy stage and the management is confident that this will scale up very quickly.

**Sterilization Services:** Providing sterilization services, evaluation, validation and certification of sterility and consultancy on sterilization of every kind of medical and industrial products.

A comparison of Adventa's segmental revenue for the 3Q ended 31 July 2018 (3Q 2018) and year to date (FY2018) with the corresponding period last financial result is as follow:

	Quarter			Year to date		
	3Q 2018	3Q 2017	Variance	9M FY2018	9M FY2017	Variance
<u>Revenue</u>	RM ('000)	RM ('000)	%	RM ('000)	RM ('000)	%
Healthcare	9,494	7,146	33%	30,725	22,175	39%
Sterilisation	4,166	3,616	15%	12,647	10,703	18%
Elimination	(240)	(242)	0.8%	(704)	(797)	12%
<b>Total</b>	<b>13,420</b>	<b>10,520</b>	<b>28%</b>	<b>42,668</b>	<b>32,081</b>	<b>33%</b>

	Quarter			Year to date		
	3Q 2018	3Q 2017	Variance	9M FY2018	9M FY2017	Variance
<u>Segment Results</u>	RM ('000)	RM ('000)	%	RM ('000)	RM ('000)	%
Healthcare	(360)	(1,308)	72%	(1,018)	(3,101)	67%
Sterilization	1,834	1,796	2%	5,609	4,495	25%
Corporate	(102)	(219)	53%	(411)	(67)	-513%
Elimination	0	189	NA	0	(146)	NA
<b>Total</b>	<b>1,372</b>	<b>458</b>	<b>200%</b>	<b>4,180</b>	<b>1,181</b>	<b>254%</b>



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**9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements of the Group.

**10. SIGNIFICANT AND SUBSEQUENT EVENTS**

There were no material subsequent events announced from previous quarter.

**11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets for the Group for the current quarter under review.

**12. CAPITAL COMMITMENTS**

No commitments for the purchase of property, plant and equipment.



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***PART B – ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS***

**13. PERFORMANCE REVIEW**

A comparison of Adventa's income performance for the 3Q 2018 ended 31 July 2018 and 9 months year to date (FY 2018) with the corresponding period last year is as follows:

	Quarter			Year to date		
	3Q 2018	3Q 2017	Var %	9M FY2018	9M FY2017	Var %
Revenue	13,420	10,520	28%	42,668	32,081	33%
EBITDA	2,460	1,475	67%	7,404	4,407	68%
PBT	1,372	458	67%	4,180	1,181	254%

Group's current quarter revenue increased by 28 % compare with prior year same quarter. The favorable results was contributed by both segments of the group with hospital supplies distribution which under subsegment of healthcare distribution contributed the most with a solid 30% improvement.

Performance of each segment are as follows:

**Revenue**

	Quarter			Year to date		
	3Q 2018	3Q 2017	Var %	9M FY2018	9M FY2017	Var %
Healthcare	9,494	7,146	33%	30,725	22,175	39%
Sterilisation	3,926	3,374	16%	11,943	9,906	21%

<b>PBT</b>	Quarter			Year to date		
	3Q 2018	3Q 2017	Var %	9M FY2018	9M FY2017	Var %
Healthcare	(360)	(1,308)	72%	(1,018)	(3,101)	67%
Sterilisation	1,834	1,985	-8%	5,609	4,349	29%

**Healthcare**

Healthcare business revenue grew 33% from same quarter last year. Profit before tax improved from a loss of –RM 1,308,000 to – RM 360,000. The reduction in loss resulted from better product range, wider distribution and better coordinated field marketing efforts.

The dialysis segment is still incurring operation losses from the numbers of patients still below breakeven point. The company has on-going clinical trials as well as new product trials to meet



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regulatory and physicians requirements for evidence based data . Going forth this loss shall be reduced through higher sales revenue. The Company is pushing for topline improvement.

**Sterilization:**

Services revenue improved by 16% from same quarter last year with the growth from throughput and yield. Yield per sterilized volume remain stable.

**COMPARISON WITH PRECEDING QUARTER'S RESULTS**

	<b>3Q 2018</b>	<b>2Q 2018</b>	<b>Variance</b>
	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>%</b>
Revenue	13,420	15,360	-13%
Profit Before Tax	1,373	1,316	4%
EBITDA	1,475	2,397	-38%

Group's revenue decreased by 13% compared to last quarter. Profits before tax are higher at RM1.37M, an increase of RM 57,000 consecutive quarter, from higher efficiencies in logistics and customer management.

**14. COMMENTARY ON CURRENT YEAR PROSPECTS**

With the new government's cautious fiscal policies, the healthcare business should still be able to grow further as it was and still is a critical segment for the country and its people. Our strength in providing cost effective solutions for healthcare providers will be a strong factor for our partner-customers to manage tight budgets. We expect to see slower growth in Healthcare capex but not consumptions in both public and private healthcare.

In the dialysis market, we have added the Continues Ambulatory Peritoneal Dialysis (CAPD) to complete the range of Peritoneal Dialysis (PD) treatment modalities. This offers patients more choices in the treatment modality that suits them best as well as affordability. There are no new markets or funding approvals obtained this quarter or this year, but new roll out initiative and market approvals are expected in the first quarter of 2019.

Sterilization grew 15% on the back of higher demand from current customers and also new accounts. The swing in the preferred locations for medical device manufacturing is giving South East Asia a new boost throughout the region which is expected to translate to higher demand for terminal sterilization business for us.



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**15. PROFIT FORECAST**

No profit forecast was announced hence there was no comparison between actual results and forecast.

**16. TAXATION**

The effective tax rate of the Group is lower than statutory tax rate due to availability of capital allowances and investment tax allowances.

	Quarter		Year to date	
	3Q 2018	3Q 2017	9M FY2018	9M FY2017
<b>Tax</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax	(274)	(125)	(944)	(373)
Deferred tax	(342)	(299)	(1,103)	(437)
<b>Total</b>	<b>(616)</b>	<b>(424)</b>	<b>(2,047)</b>	<b>(810)</b>

**17. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES**

There was no sale of unquoted investments and properties during the financial period under review.

**18. MARKETABLE SECURITIES**

There was no purchase or disposal of marketable securities during the financial period ended under review.





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**19. CORPORATE PROPOSALS**

**Status of Corporate Proposals**

There were no corporate proposals announced which remain uncompleted at the end of the financial period ended 30 April 2018 except the following:

- a. On 17<sup>th</sup> January 2018 the Board announced that the Company is proposing to undertake a renounceable rights of 91,671,462 new ordinary shares in Adventa (**‘Adventa Shares’**) (**‘Rights Shares’**) together with 45,835,731 free detachable warrants (**‘Rights Warrants’**), on the basis of three (3) Rights Shares for every five (5) existing Adventa Shares held and one (1) free Rights Warrant for every two (2) Rights Shares subscribed for, on an entitlement date to be determined later (**‘Entitlement Date’**) (**‘Proposed Rights Issue’**)

In conjunction with the Proposed Rights Issue, an application for exemption to Low Chin Guan (‘Mr Low’) and persons acting in concert with him (‘PAC’) under paragraph 4.08 of the rules on Take-overs, Mergers and Compulsory Acquisitions (‘Rules’) form the obligation to undertake a mandatory offer for the remaining Adventa Shares not already owned by them arising from the application for excess Rights Shares under the Proposed Rights Issue as well as the subsequent exercise of the Rights Warrants into new Adventa Shares (‘Proposed Exemption’) will also be undertaken.

- b. On 8<sup>th</sup> June 2018, Bursa Malaysia Securities Berhad, vide its letter dated 8 June 2018, approved the following:
- i. Admission to the Official List and the listing and quotation of 45,835,731 new Warrants to be issued pursuant to the Proposed Rights Issue;
  - ii. Listing and quotation of 91,671,462 new ordinary shares to be issued pursuant to the Proposed Rights Issue; and
  - iii. Listing and quotation of up to 45,835,731 new ordinary shares to be issued pursuant to the exercise of the new Warrants on the Main Market of Bursa Securities.
- c. On 27<sup>th</sup> Aug 2018, the Board make an announcement that the Company is proposing a rights issues of Irredeemable Convertible Preference Shares (‘ICPS’) with warrants instead of the earlier proposal of rights and warrants, to ensure the company would be able to raise its required funding and that such Proposed Rights Issue of ICPS with Warrants is not dependent on the Proposed Exemption, hence removing any obstacles to raise the funding on schedule.
- i. In view that the current rights issue would involve the issuance of Rights ICPS instead of Rights Shares, the Existing Bursa Approval will no longer be applicable to the Proposed Rights Issue of ICPS with Warrants, and AmInvestment Bank on behalf of the Board, will be submitting a new listing application for Bursa Securities’ approval.



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- ii. Mr Low has informed the Board that barring unforeseen circumstances, the ongoing legal proceedings involving him is not expected to have any impact on his ability to provide the Proposed Undertaking. However, in the event he is not able to provide the Proposed Undertaking, he will procure other investor(s) to provide similar undertaking(s) to subscribe for the Rights ICPS.

### 20. BORROWINGS AND DEBT SECURITIES

	At Q3'18	At Q3'17	Variance
<u>Secured:</u>	RM'000	RM'000	%
Short Term Borrowings	9,191	8,929	3%
Long Term Borrowings	22,442	27,381	-18%
<b>Total Borrowings</b>	<b>31,633</b>	<b>36,310</b>	<b>-13%</b>

### 21. CHANGES IN MATERIAL LITIGATION

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

### 22. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 31 July 2018.



# ADVENTA

**ADVENTA BERHAD**  
(Company No : 618533-M)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 JULY 2018**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**23. EARNINGS PER SHARE**

The basic and diluted earnings per share of the reporting period are computed as follows:

a. **Basic**

	Quarter Ended		Year to date Ended	
	3Q2018	3Q 2017	FY2018	FY2017
	'000	'000	'000	'000
Profit attributable to ordinary equity holders of the parent (RM)	757	34	2,133	371
Weighted average number of ordinary shares in issue (Unit)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	0.50	0.02	1.40	0.24

b. **Diluted**

There were no diluted earnings per share.

**24. PROFIT BEFORE TAX**

Profit before tax is stated after charging/(crediting):

	3Q 2018	
	Quarter	YTD
	RM'000	
Interest income	(50)	(245)
Other income	(7)	(19)
Interest expenses	868	976
Net foreign exchange loss	76	(48)



# ADVENTA

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**THIRD QUARTER REPORT ENDED 31 JULY 2018**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**25. REALISED AND UNREALISED PROFITS**

The breakdown of the retained profits of the Group as at reporting date into realised and unrealised profits is presented as follows:

	YTD		
	3Q 2018	3Q 2017	Variance
<b><u>Group's total retained profits:</u></b>	<b>RM'000</b>		<b>%</b>
Realised	29,867	26,484	13%
Unrealised	(1,602)	27	NA
<b>Total Realised and unrealised</b>	<b>28,265</b>	<b>26,511</b>	<b>7%</b>
Less: Consol adjustments	3,190	3,337	-4%
Retained profits	<b>25,075</b>	<b>23,173</b>	<b>8%</b>

**26. AUTHORISED FOR ISSUE**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 27th September 2018.

**By Order of the Board**  
**Adventa Berhad**  
**CHUA SIEW CHUAN**  
Company Secretary MAICSA 0777689