ADVENTA

ADVENTA BERHAD

(Company No : 618533-M)

(Incorporated in Malaysia)

FIFTH QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

		Individual period		Cumulative period	
		2 Months Ended		14 Months Ended	
		Unaudited	Unaudited	Unaudited	Unaudited
	Note	31-Dec-2018	31-Dec-2017	31-Dec-2018	31-Dec-2017
		RM'000	RM'000	RM'000	RM'000
Revenue	8	7,773	-	60,030	-
Operating expenses	9	(34,721)	-	(82,074)	-
Net foreign exchange gain/ (loss)		-	-	(24)	-
Other operating income		71	-	193	-
Operating profit/ (loss)		(26,877)	-	(21,875)	-
Finance costs		(179)	-	(1,315)	-
Profit/ (loss) before taxation	8 & 14 & 25	(27,056)	-	(23,190)	-
Income tax expenses	17	(371)	-	(2,379)	-
Profit/ (loss) for the period		(27,427)	-	(25,569)	-
Profit attributable to:					
Owners of the parent	24	(27,427)	-	(25,569)	-
Profit/ (loss) for the period		(27,427)	-	(25,569)	-
Earnings/ (losses) per share (sen):					
Basic	24	(17.95)	-	(16.74)	-
Diluted	24	N/A	-	N/A	-
Number of ordinary shares ('000)	24	152,786	-	152,786	-

Notes:

1. *The financial year end of the Group has been changed from 31 October to 31 December. As such, there will be no comparative financial information available for the financial period ended 31 December 2018.*

2. *These condensed consolidated income statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 October 2017 and the accompanying explanatory notes to the interim financial statements.*

ADVENTA BERHAD

(Company No : 618533-M)

(Incorporated in Malaysia)

FIFTH QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual period	Cumulative period
	2 Months Ended 31-Dec-2018 Unaudited RM'000	**14 Months Ended 31-Dec-2018 Unaudited RM'000**
Profit/ (loss) for the period	(27,427)	(25,569)
Other comprehensive income:		
Foreign currency translation	-	-
Total comprehensive income/ (loss) for the period	(27,427)	(25,569)
Total comprehensive income attributable to:		
Owners of the parent	(27,427)	(25,569)
Non-controlling interests	-	-
Total comprehensive income/ (loss) for the period	(27,427)	(25,569)

Notes:

1. The financial year end of the Group has been changed from 31 October to 31 December. As such, there will be no comparative financial information available for the financial period ended 31 December 2018.

2. These condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 October 2017 and the accompanying explanatory notes to the interim financial statements.

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ADVENTA BERHAD

(Company No : 618533-M)

(Incorporated in Malaysia)

FIFTH QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited As at 31-Dec-2018 RM'000	Audited As at 31-Oct-2017 RM'000
ASSETS			
Non-current assets			
Property, plant & equipment		48,903	49,046
Deferred development cost		5,108	27,088
Intangible assets		5,017	5,017
Deferred tax assets		-	579
		59,028	81,730
Current assets			
Inventories		14,520	14,722
Trade and other receivables	7	16,295	21,841
Prepaid operating expenses		468	142
Tax recoverable		101	86
Cash and bank balances		9,311	10,215
		40,695	47,006
TOTAL ASSETS		99,723	128,736

Notes:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 October 2018 and the accompanying notes to the Interim Financial Statements

ADVENTA

ADVENTA BERHAD

(Company No : 618533-M)

(Incorporated in Malaysia)

FIFTH QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited As at 31-Dec-2018 RM'000	Audited As at 31-Oct-2017 RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables and other payables		2,674	11,439
Loans from Shareholders		10,000	-
Income tax payables		-	110
Loans and borrowings	21	8,600	11,476
		21,274	23,025
Non-current liabilities			
Loans and borrowings	21	20,567	23,399
Deferred tax liabilities		2,195	1,064
		22,762	24,463
Total liabilities		44,036	47,488
Equity			
Share capital		57,683	58,305
Retained (loss)/ profits	26	(1,996)	22,942
Equity attributable to owners of the parent		55,687	81,247
Total equity		55,687	81,247
TOTAL EQUITY AND LIABILITIES		99,723	128,736
Net assets per share (RM)		0.36	0.53

Notes:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 October 2018 and the accompanying notes to the Interim Financial Statements

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ADVENTA BERHAD

(Company No : 618533-M)

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FIFTH QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Non-distributable		Distributable	
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000
Quarter ended 31 December 2017				
At 1 November 2016	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2017	-	-	-	-
Quarter ended 31 December 2018				
At 1 November 2017	58,305	-	22,942	81,247
Total comprehensive income/ (loss)	(622)	-	(25,569)	(26,191)
Consolidation elimination entry	-	-	631	631
At 31 December 2018	57,683	-	(1,996)	55,687

Notes:

1. *The financial year end of the Group has been changed from 31 October to 31 December. As such, there will be no comparative financial information available for the financial period ended 31 December 2018.*

2. *These condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 October 2017 and the accompanying explanatory notes to the interim financial statements.*

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FIFTH QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Period Ended 31-Dec-2018 Unaudited RM'000	Corresponding Period Ended 31-Dec-2017 Unaudited RM'000
Cash flows from operating activities		
Profit/ (loss) before tax	(23,190)	-
Adjustments for:		
Depreciation of Property, plant and equipment	780	-
Amorisation of Deferred development cost	1,515	-
Impairment of Deferred development cost	21,675	-
Interest income	(133)	-
Operating profit before working capital changes	647	-
Decrease in inventories	202	-
Decrease in trade and other receivables	5,546	-
Increase in prepaid operating expenses	(326)	-
Decrease in payables	(8,765)	-
Cash used in operations	(2,696)	-
Corporate exercise expenses	(622)	-
Interest paid	(1,315)	-
Interest received	133	-
Taxes paid	(833)	-
Taxes refunded	37	-
Net cash used in operating activities	(5,296)	-

Notes:

1. *The financial year end of the Group has been changed from 31 October to 31 December. As such, there will be no comparative financial information available for the financial period ended 31 December 2018.*

2. *These adjusted consolidated statements of cash flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 October 2017 and the accompanying explanatory notes to the interim financial statements.*

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(Company No : 618533-M)

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FIFTH QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Year to Date Ended 31-Dec-2018 Unaudited RM'000	Corresponding Year to Date Ended 31-Dec-2017 Unaudited RM'000
Cash flows from investing activities		
Property, plant and equipment	(576)	-
Deferred development cost	(640)	-
Net cash used in investing activities	(1,216)	-
Cash flows from financing activities		
Loan from shareholder	10,000	-
Decrease in borrowings	(5,708)	-
Net cash from financing activities	5,607	-
Net decrease in cash and cash equivalents	(905)	-
Cash and cash equivalents at beginning of financial period	10,215	-
Cash and cash equivalents at end of financial period	9,311	-
Cash and cash equivalents at end of financial period comprise:		
- Cash and bank balances	9,311	-

Notes:

1. *The financial year end of the Group has been changed from 31 October to 31 December. As such, there will be no comparative financial information available for the financial period ended 31 December 2018.*

2. *These adjusted consolidated statements of cash flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 October 2017 and the accompanying explanatory notes to the interim financial statements.*

ADVENTA

ADVENTA BERHAD
(Company No : 618533-M)
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FIFTH QUARTER REPORT ENDED 31 DECEMBER 2018

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 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 31st 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 reviewed the product development costs and goodwill of a subsidiary involved in home peritoneal dialysis products and services. While the cycle life of the products and equipment remained relatively unchanged, and technology derived from the research and development has enabled the Company to design new products, the Company is recognizing an impairment as the net benefits were not realized as previously expected and planned due to uncertainties beyond the control of the Company. Refer to Note 9

UNAUDITED NOTES TO FINANCIAL STATEMENTS

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 December 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.

UNAUDITED NOTES TO FINANCIAL STATEMENTS

7. TRADE AND OTHER RECEIVABLES

	31-Dec-2018 RM'000	31-Oct-2017 RM'000
Current		
Trade receivables		
Third parties	14,953	19,200
Other receivables		
Other receivables	1,124	2,432
Deposits	218	209
	1,342	2,641
	16,295	21,841
Total trade and other receivables	16,295	21,841
Add: Cash and bank balances	9,311	10,215
Total loans and receivables	25,606	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.

UNAUDITED NOTES TO FINANCIAL STATEMENTS

7. TRADE AND OTHER RECEIVABLES (cont'd.)

(a) Trade receivables (cont'd.)

Ageing analysis of trade receivables

	31-Dec-2018 RM'000	31-Oct-2017 RM'000
Neither past due nor impaired	5,400	7,218
1 to 30 days past due not impaired	1,919	2,687
31 to 60 days past due not impaired	2,529	1,166
61 to 90 days past due not impaired	554	279
More than 91 days past due not impaired	2,995	7,453
	7,997	11,585
Impaired	1,555	397
	14,953	19,200

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 RM7.99 million (2017: RM11.58 million) 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.

UNAUDITED NOTES TO FINANCIAL STATEMENTS

8. SEGMENTAL INFORMATION

The company's businesses are grouped into:

- Healthcare
- Sterilization Services

Healthcare: The business involves the supply of healthcare and related products, services to hospitals, healthcare centers and pharmacies. This includes the renal dialysis business which are for home and center-based treatments, serving both the domestic and export markets.

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

The company's segmental revenues for the special quarter of 2 months ended 31 December 2018 and the year (14 months) ended 31 Dec 2018 are as follow:

Revenue	**2 Months Ended**		**Fiscal year (14 months)**	
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Segment	**RM ('000)**	**RM ('000)**	**RM ('000)**	**RM ('000)**
Healthcare	4,909	-	41,590	-
Sterilisation	3,014	-	19,527	-
Elimination	(150)	-	(1,087)	-
Total	**7,773**	**-**	**60,030**	**-**

PBT result	**2 Months Ended**		**Fiscal Year (14 months)**	
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Segment	**RM ('000)**	**RM ('000)**	**RM ('000)**	**RM ('000)**
Healthcare	(27,983)	-	(30,843)	-
Sterilization	900	-	8,483	-
Corporate	27	-	(830)	-
Total	**(27,056)**	**-**	**(23,190)**	**-**

UNAUDITED NOTES TO FINANCIAL STATEMENTS

9. IMPAIRMENT OF ASSET

The directors made a review of the progress of the healthcare business in the various markets and the different stages of qualifications and registrations of products. The directors also consider the investments in the development of the home dialysis products and equipment and the delay in certain supplies to the business. It was determined that the benefits of this investment were not realized as previously expected and planned. The management has then carried out an impairment test.

While some of the products and equipment remain in late development stages, most of them are already in production and commercial use. In view of the complexities in determining accurately the future values of the business at this juncture as the products are relatively new in the different markets, the Company adopted a conservative and prudent approach to impair the deferred development costs of these equipment of the amount of RM21.67 million. Further to that, it is also decided that a RM4.29 million for impairment related to the write-down of inventories of dialysis equipment and related products in the business to their net realizable values including the provision of RM1.14 million for doubtful debts.

10. 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.

11. SIGNIFICANT AND SUBSEQUENT EVENTS

There were no material subsequent events announced from the previous quarter.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

13. CAPITAL COMMITMENTS

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

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FIFTH QUARTER REPORT ENDED 31 DECEMBER 2018

UNAUDITED NOTES TO FINANCIAL STATEMENTS

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

14. PERFORMANCE REVIEW

A comparison of Adventa's income performance for the 2 months period ended 31 December 2018 and the whole financial year ended 31 Dec 2018 with the corresponding periods last year is not possible as there are no financial figures for 31 Dec 2017. However, to give a view of this year's performance, the financial year ended 31 Oct 2017 is shown.

	2 Months Ended		Fiscal year	
	31-Dec-18	31- Dec-17	31-Dec-18 (14 months)	31-Oct-17 (12 months)
	RM'000	RM'000	RM'000	RM'000
Revenue	7,773	-	60,030	44,236
EBITDA	(4,363)	-	3,480	5,661
Profit/(Loss) before tax	(27,056)	-	(23,190)	1,528

Performance of each segment are:

Revenue

	2 Months Ended		Fiscal year	
	31-Dec-18	31-Dec-17	31-Dec-18 (14 months)	31-Oct-17 (12 months)
	RM'000	RM'000	RM'000	RM'000
Healthcare	4,909	-	41,590	30,599
Sterilisation	3,014	-	19,527	14,570

Profit/ (Loss) Before Tax

	2 Months Ended		Fiscal year	
	31-Dec-18	31-Dec-17	31-Dec-18 (14 months)	31-Oct-17 (12 months)
	RM'000	RM'000	RM'000	RM'000
Healthcare	(27,983)	-	(30,843)	(4,239)
Sterilisation	900	-	8,483	5,914

UNAUDITED NOTES TO FINANCIAL STATEMENTS

14. PERFORMANCE REVIEW (cont'd.)

Healthcare

Healthcare business posted revenue of RM 4.9 million for this special quarter and the 14 months period achieving RM 41.6 million. Domestic business slowed in the last months of the year, with multifactorial causes ranging from budgetary constraints to year-end inventory management of the customers. The company is realigning its distribution business around the customers and moving away from a product-centric strategy, leveraging solutions and partnership capabilities for sustainability. Low-returns and slow-moving products are removed to focus on technology trending consumables.

The dialysis segment is growing with more funding approvals obtained although growth was temporarily stunted by a supply shortage. New supplies scheduled to commence in Feb 2019 which will enable new growth and revenue streams in the next financial year.

Sterilization:

Sterilization services retained the expected revenue growth bringing revenue to RM3 million for the 2 months periods and RM19.5 million for the 14 months period compared to RM16.46 million for the same 14 months period comparison by added in Nov'17 and Dec'17 result. This is an 18.6% improvement over previous year.

COMPARISON WITH PRECEDING QUARTER'S RESULTS

	2 months period ending 31-Dec 2018	Adjusted 4Q 2018 *	Variance	Actual 3 months 4Q 2018
	RM ('000)	RM ('000)	%	RM ('000)
Revenue	7,773	6,393	22%	9,589
Profit/ (Loss) Before Tax	(27,056)	(405)	-6575%	(608)
EBITDA	(4,363)	293	-1591%	439

* *This is an illustrative figure using the average of 2 months performance from the preceding quarter numbers.*

Revenue growth in the two months is a healthy 22% compared to an averaged 2 months period of the preceding quarter. There is no comparison to the previous year's results. The loss of RM 27.05 million is the result of impairment of assets. See Note 9.

UNAUDITED NOTES TO FINANCIAL STATEMENTS

15. COMMENTARY ON CURRENT YEAR PROSPECTS

All businesses of the company were in line with expectations, with all segments performing despite headwinds in medical distribution in the last two quarters. This special quarter of two months ending 31 Dec 2018 is the result of a shift to the ending of the fiscal year, moving from 31 Oct to 31 Dec, hence a special two-months quarter.

The healthcare businesses improved 17 % in revenue for the year but lost margins from unfavorable exchange rates for imported trades. Supplies locked into contracts suffered from this. The dialysis segment lost traction with the termination of a critical supply source. The new supplies shall commence in the first quarter of 2019.

In the sterilization services, sold capacity continued to grow, making an improvement of 18.6% over the previous 14 months, adjusted.

16. PROFIT FORECAST

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

17. TAXATION

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

	2 Months Ended		Fiscal year (14 months)	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	RM'000	RM'000	RM'000	RM'000
Income tax	(75)	-	(799)	-
Deferred tax	(296)	-	(1,580)	-
Total	**(371)**	-	**(2,379)**	-

18. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

UNAUDITED NOTES TO FINANCIAL STATEMENTS

19. MARKETABLE SECURITIES

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

20. CORPORATE PROPOSALS

There were no corporate proposals announced which remain uncompleted at the end of the financial period ended 31 December 2018 except the following:

a. On 17th 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 8th 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 27th 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.

20. CORPORATE PROPOSALS (cont'd)

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.

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 investors (s) to provide similar undertaking(s) to subscribe for the Rights ICPS.

d. On 28 November 2018 Bursa Malaysia has granted the extension of time for the issuance of rights ICPS to Adventa. Approval from the Securities Commission is still pending. Adventa has responded to SC's queries on 6 December 2018.

21. BORROWINGS AND DEBT SECURITIES

The total borrowing of the company as at period end 2018 and 2017 are as below.

	FY2018	FY2017	Variance
Secured:	**RM'000**	**RM'000**	**%**
Short Term Borrowings	8,600	11,476	-25%
Long Term Borrowings	20,567	23,399	-12%
Total Borrowings	29,167	34,875	-16%

22. CHANGES IN MATERIAL LITIGATION

Save as disclosed below, the Board confirms that the Adventa Group is not engaged in any other material litigation, claims or arbitration, either as plaintiff or defendant, and the Board has no knowledge of any proceeding pending or threatened against Adventa Group or any facts likely to give rise to any proceeding which may have a material impact on the business or the financial position of Adventa Group.

Shah Alam Sessions Court Summons No: BA-B52NCVC-350-11/2017
Sun Healthcare (M) Sdn Bhd ("Sun Healthcare") commenced an action against its customers, Ong Young Lin (a sole proprietor whose doing its business in the name and style of "FMCG Focus Marketing") to recover amount owing arising from the goods sold and delivered to FMCG Focus Marketing, for a total sum of RM384,630.20, together with interest at the rate of 1.5% per month from 24 July 2017 until full settlement. Sun Healthcare has obtained a judgement in default against the defendant on 2 March 2018. Full provisions have been made for the abovementioned debt.

UNAUDITED NOTES TO FINANCIAL STATEMENTS

22. CHANGES IN MATERIAL LITIGATION (cont'd.)

Sun Healthcare also proceeded to file bankruptcy proceedings against the defendant vide Pulau Pinang High Court Bankruptcy No. PA-29NCC-651-07/2018. The matter is currently fixed for further case management on 18 January 2019 pending service of the bankruptcy notice.

The maximum exposure of liabilities of Sun Healthcare, in this case, is estimated to be RM50,000 being the legal costs involved. The lawyers advising on this matter is of the view that Sun Healthcare has a high chance of succeeding in its claim.

The case management has been rescheduled to 03 July 2019 and in the latest update, the solicitor still holds the same view as stated above to date.

23. DIVIDEND PAYABLE

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

24. EARNINGS PER SHARE

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

a. **Basic**

	2 Months Ended		14 Months Ended	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent (RM)	(27,427)	-	(25,569)	-
Weighted average number of ordinary shares in issue (Unit)	152,786	-	152,786	-
Basic earnings per share (sen)	(17.95)	-	(16.74)	-

b. **Diluted**

There were no diluted earnings per share.

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UNAUDITED NOTES TO FINANCIAL STATEMENTS

25. PROFIT BEFORE TAX

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

	31-Dec-18	
	2 Months Ended	**14 Months Ended**
	RM'000	**RM'000**
Interest income	(42)	(133)
Other income	(30)	(61)
Interest expenses	179	1,315
Net foreign exchange loss	-	24
Impairment of asset	(27,117)	(27,117)

26. 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:

	As At		
	31-Dec-18	**31-Dec-17**	**Variance**
Group's total retained profits:	**RM'000**	**RM'000**	**%**
Realised	2,771	20,233	-86%
Unrealised	(2,206)	(483)	357%
Total Realised and unrealised	**565**	**19,750**	**-97%**
Less: Consol adjustments	2,561	3,192	-20%
Retained (loss)/ profits	**(1,996)**	**22,942**	**-109%**

27. 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 28th February 2019.

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