

(Company No : 618533-M) (Incorporated in Malaysia)

FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

		Individua	l period	Cumulativ	e period
		3 Months	Ended	3 Months	s Ended
	Note	Unaudited 31-Mar-2019 RM'000	Unaudited 31-Mar-2018 RM'000	Unaudited 31-Mar-2019 RM'000	Unaudited 31-Mar-2018 RM'000
Revenue	8	8,468	-	8,468	-
Operating expenses		(8,588)	-	(8,588)	-
Net foreign exchange gain/ (loss)		(107)	-	(107)	-
Other operating income		105	-	105	-
Operating profit/ (loss)	-	(122)	-	(122)	-
Finance costs		(313)	-	(313)	-
Profit/ (loss) before taxation	8 & 13	(435)	-	(435)	-
Income tax expenses	16	(794)	-	(794)	-
Profit/ (loss) for the period	24	(1,229)		(1,229)	-
Profit attributable to:					
Owners of the parent	24	(1,229)	_	(1,229)	-
Profit/ (loss) for the period	=	(1,229)		(1,229)	-
Earnings/ (losses) per share (sen):					
Basic	23	(0.80)	_	(0.80)	-
Diluted	23	N/A		N/A	
Number of ordinary shares ('000)	23	152,786	-	152,786	-



(Company No : 618533-M)

(Incorporated in Malaysia)

FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual period	Cumulative period
	3 Months Ended 31-Mar-2019 Unaudited RM'000	3 Months Ended 31-Mar-2019 Unaudited RM'000
Profit/ (loss) for the period	(1,229)	(1,229)
Other comprehensive income: Foreign currency translation	-	-
Total comprehensive income/ (loss) for the period	(1,229)	(1,229)
Total comprehensive income attributable to: Owners of the parent Non-controlling interests	(1,229)	(1,229)
Total comprehensive income/ (loss) for the period	(1,229)	(1,229)

These condensed consolidated income statements should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



(Company No : 618533-M) (Incorporated in Malaysia)

FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Note	Unaudited As at 31-Mar-2019 RM'000	Audited As at 31-Dec-2018 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	48,576	48,903
Deferred development cost	5,697	5,466
Intangible assets	4,824	4,466
Deferred tax assets		428
	59,097	59,263
Current assets		
Inventories	15,295	15,566
Trade and other receivables 7	16,073	18,702
Prepaid operating expenses	497	-
Tax recoverable	303	450
Cash and bank balances	5,410	9,299
	37,578	44,017
TOTAL ASSETS	96,675	103,280



(Company No : 618533-M) (Incorporated in Malaysia)

FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited As at 31-Mar-2019 RM'000	Audited As at 31-Dec-2018 RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables and other payables		2,137	5,734
Loans from Shareholders		10,000	10,000
Income tax payables		-	468
Loans and borrowings	20	8,225	12,899
		20,362	29,101
Non-current liabilities Loans and borrowings Deferred tax liabilities	20	19,545 2,952 22,497	16,268 2,718 18,986
Total liabilities	_	42,859	48,087
Equity			
Share capital		57,532	57,680
Foreign exchange reserve		4	4
Retained (loss)/ profits	25	(3,720)	(2,491)
Equity attributable to owners of the parent		53,816	55,193
Total equity		53,816	55,193
TOTAL EQUITY AND LIABILITIES	=	96,675	103,280
Net assets per share (RM)	_	0.35	0.36



(Company No : 618533-M) (Incorporated in Malaysia)

FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RM'000	<u>Non-di</u> Share premium RM'000	exchange reserve RM'000	Distributable Retained profits RM'000	Total RM'000
Quarter ended 31 December 2018					
At 1 November 2017	58,305	-	-	22,942	81,247
Total comprehensive income	(625)	-	4	(25,433)	(26,054)
At 31 December 2018	57,680	-	4	(2,491)	55,193
Quarter ended 31 March 2019					
At 1 January 2019	57,680	-	4	(2,491)	55,193
Total comprehensive income/ (loss)	(148)	-	-	(1,229)	(1,377)
Consolidation elimination entry	-	-		-	-
At 31 March 2019	57,532	-	4	(3,720)	53,816



(Company No : 618533-M)
Incorporated in Malaysia

(Incorporated in Malaysia) FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Period Ended 31-Mar-2019 Unaudited RM'000	Corresponding Period Ended 31-Mar-2018 Unaudited RM'000
Cash flows from operating activities		
Profit/ (loss) before tax	(438)	-
Adjustments for: Elimination entry		
Depreciation of Property, plant and equipment	554	-
Net unrealised foreign exchange loss/(gain)	(66)	
Impairment of Deferred development cost	(107)	-
Interest income	(105)	
Operating profit before working capital changes	(55)	-
Increase in inventories	(744)	-
Increase in trade and other receivables	(333)	-
Decrease in prepaid operating expenses	51	-
Decrease in payables	(102)	-
Cash used in operations	(1,183)	
Corporate exercise expenses		
Interest paid	(313)	-
Taxes paid	(456)	_
Net cash used in operating activities	(1,952)	



(Company No : 618533-M)

(Incorporated in Malaysia)

FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Year to Date Ended 31-Mar-2019 Unaudited RM'000	Corresponding Year to Date Ended 31-Mar-2018 Unaudited RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(258)	_
Proceed from disposal of property, plant and equipment	18	-
Net cash outflow on acquisition of subsidiary		-
Cash inflow arising on disposal of investment in subsidiaries		-
Corporate exercise expenses	(148)	-
Investment in deferred development cost	(231)	-
Interest received	105	-
Net cash used in investing activities	(514)	-
Cash flows from financing activities		
Net increase/(decrease) in borrowings	(1,736)	-
Interest paid	313	_
Net cash used in financing activities	(1,423)	-
Net decrease in cash and cash equivalents	(3,889)	
Cash and cash equivalents at beginning of financial period	9,299	-
Cash and cash equivalents at end of financial period	5,410	
Cash and cash equivalents at end of financial period comprise:		
- Cash and bank balances	5,410	



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 31st December 2018. 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 31st December 2018.

The audited financial statements of the Group for the year ended 31st December 2018 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 31st December 2018.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding audited financial statements for the year ended 31st December 2018 were no subject to any qualification.

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 31st March 2019.

4. CHANGES IN ESTIMATES

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



UNAUDITED NOTES TO FINANCIAL STATEMENTS

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.

7. TRADE AND OTHER RECEIVABLES

	31-Mar-2019 RM'000	31-Dec-2018 RM'000
Current		
Trade receivables		
Third parties	14,633	15,523
Less: Allowance for impairment (third parties)		
Trade receivables, net	14,633	15,523
Other receivables		
Other receivables	1,258	1,497
Deposits & Prepayments	182	1,682
	1,440	3,179
Total trade and other receivables	16,073	18,702

a) Trade receivables

The Group's normal trade credit term ranges from 30 to 90 days (2018: 30 to 90 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-Mar-2019 RM'000	31-Dec-2018 RM'000
4,199	5,400
2,022	1,919
1,624	2,529
1,005	554
3,683	2,995
8,334	7,997
2,100	2,126
14,633	15,523
	4,199 2,022 1,624 1,005 3,683 8,334 2,100

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 RM8,334 (2018: RM7,997) 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 & PBT for the first quarter ended 31st March 2019 are as follow:

Revenue	3 Months Ended		Fiscal year (3 months)	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Segment	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Healthcare	4,621	-	4,621	-
Sterilisation	4,069	-	4,069	-
Elimination	(222)	-	(222)	-
Total	8,468	1	8,468	-

PBT result	3 Months Ended		Fiscal Year (3 months)	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Segment	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Healthcare	(1,091)	-	(1,091)	-
Sterilization	1,470	-	1,470	-
Corporate	(814)	-	(814)	-
Total	(435)	-	(435)	-



UNAUDITED NOTES TO FINANCIAL STATEMENTS

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 the 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.



UNAUDITED NOTES TO FINANCIAL STATEMENTS

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

13. PERFORMANCE REVIEW

The Group achieved revenue of RM8.5million in Q1FY2019 with EBITDA at RM 393,000 and a loss before tax of RM 435,000. Healthcare business contributes to 55% of the group's revenue as this segment has a drop in revenue by more than 100% compared to same quarter last year. Key reasons for the drop is the tough price competitiveness in the healthcare products distribution business that is still pulled down by the new MDA act and the loss of some product supplies. The sterilization business performed as expected, with a steady growth of three percent in revenue.

COMPARISON WITH PRECEDING QUARTER'S RESULTS

	3 months 1Q 2019	2 months 5Q 2018
	RM ('000)	RM ('000)
Revenue	8,468	7,773
Profit/ (Loss) Before Tax	(435)	(26,700)
EBITDA	393	(4,006)

Revenue achieved for 1Q 2019 was RM8.46 million compared to RM7.77 million achieved for 2 months 5Q 2018. On average this was 27% lower.

The loss before tax was not comparable due to impairment cost in preceding quarter.



UNAUDITED NOTES TO FINANCIAL STATEMENTS

14. COMMENTARY ON CURRENT YEAR PROSPECTS -

The Healthcare business is managing strong headwinds with competition and regulatory delays that impacts the topline. The company does not expect a significant turnaround of the healthcare business until the third quarter of the year, when the several initiatives started to materialize. This include the logistic section that is putting through a series of efficiency changes that should bring better values in time and cost of deliveries.

Sales processes are streamlined to improve productive time of sales personnel.

The Company is enlarging its division of surgical instruments. The current product lines of the company in the surgical segment will be complimentary.

To gain traction with synergistic and complementary businesses the company will evaluate all options, including mergers and acquisitions.

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 the statutory tax rate due to the availability of capital allowances and investment tax allowances.

	3 Months Ended		Fiscal year (3 months)	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
Income tax	(133)	-	(133)	-
Deferred tax	(661)	-	(661)	-
Total	(794)	-	(794)	-

17. 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

18. MARKETABLE SECURITIES

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

19. 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 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, (which was disclosed in earlier announcements) 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.
- b. 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.
- c. On 28th May 2019, the Board made an announcement that the Company had on 28th May 2019 entered into a conditional share sale agreement ("SSA") with Synergy Sterilsation (M) Sdn Bhd ("SSMSB") for the disposal of 100% equity interest held by the company for a total cash consideration of RM75.0 million, subject to the adjustments as set out in the SSA. The disposal is subject to shareholders approval.



UNAUDITED NOTES TO FINANCIAL STATEMENTS

20. BORROWINGS AND DEBT SECURITIES

The total borrowing of the company as at period end 31st Mar 2019 as below.

31-Mar-2	
Secured:	RM'000
Short Term Borrowings	8,225
Long Term Borrowings	19,545
Total Borrowings	27,770

21. CHANGES IN MATERIAL LITIGATION

The Board confirms that the Adventa Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant. The Board has no knowledge of any proceedings pending 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.

22. DIVIDEND PAYABLE

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

23. EARNINGS PER SHARE

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

a. Basic

	3 Months Ended	
	31-Mar-19	31-Mar-18
	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent (RM)	(1,229)	-
Weighted average number of ordinary shares in issue (Unit)	152,786	-
Basic earnings per share (sen)	(0.80)	-

b. Diluted

There were no diluted earnings per share.



UNAUDITED NOTES TO FINANCIAL STATEMENTS

24. PROFIT BEFORE TAX

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

	31-Mar-2019	31-Mar-2018
	RM'000	RM'000
Interest income	(105)	-
Other income	-	-
Interest expenses	313	-
Net foreign exchange loss	108	-

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:

	31-Mar-2019	31-Mar-2018
Group's total retained profits:	RM'000	RM'000
Realised	(35,699)	-
Unrealised	(3,018)	-
Total Realised and unrealised	(38,717)	-
Less: Consol adjustments	(34,997)	-
Retained (loss)/ profits	(3,720)	-

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 29th May 2019.

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