



**ADVENTA BERHAD**

(Company No : 618533-M)

(Incorporated in Malaysia)

**SECOND QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	Individual period		Cumulative period	
		3 Months Ended		6 Months Ended	
		Unaudited 30-Jun-2019 RM'000	Unaudited 30-Jun-2018 RM'000	Unaudited 30-Jun-2019 RM'000	Unaudited 30-Jun-2018 RM'000
Revenue	8	9,249	-	17,717	-
Operating expenses		(8,714)	-	(17,302)	-
Net foreign exchange gain/ ( loss)		49	-	(58)	-
Other operating income		133	-	238	-
Operating profit/ (loss)		717	-	595	-
Finance costs		(353)	-	(666)	-
Profit/ (loss) before taxation	8 & 13	364	-	(71)	-
Income tax expenses	16	(748)	-	(1,542)	-
Profit/ (loss) for the period	24	(384)	-	(1,613)	-
Profit attributable to:					
Owners of the parent	24	(384)	-	(1,613)	-
Profit/ (loss) for the period		(384)	-	(1,613)	-
Earnings/ (losses) per share (sen):					
Basic	23	(0.25)	-	(1.06)	-
Diluted	23	N/A	-	N/A	-
Number of ordinary shares ('000)	23	152,786	-	152,786	-

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**SECOND QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<u>Individual period</u>	<u>Cumulative period</u>
	<b>3 Months Ended 30-Jun-2019 Unaudited RM'000</b>	<b>6 Months Ended 30-Jun-2019 Unaudited RM'000</b>
Profit/ (loss) for the period	(384)	(1,613)
Other comprehensive income:		
Foreign currency translation	-	-
Total comprehensive income/ (loss) for the period	<u>(384)</u>	<u>(1,613)</u>
Total comprehensive income attributable to:		
Owners of the parent	(384)	(1,613)
Non-controlling interests	-	-
Total comprehensive income/ (loss) for the period	<u>(384)</u>	<u>(1,613)</u>

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**SECOND QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited	Audited
	As at	As at
Note	30-Jun-2019	31-Dec-2018
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	48,276	48,903
Deferred development cost	5,506	5,108
Intangible assets	4,824	4,824
Deferred tax assets	-	428
	58,606	59,263
<b>Current assets</b>		
Inventories	17,024	15,566
Trade and other receivables	16,904	18,702
Prepayment	998	-
Tax recoverable	173	450
Cash and bank balances	2,793	9,299
	37,892	44,017
<b>TOTAL ASSETS</b>	<b>96,498</b>	<b>103,280</b>

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Note</b>	<b>Unaudited As at 30-Jun-2019 RM'000</b>	<b>Audited As at 31-Dec-2018 RM'000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and other payables		4,433	5,734
Loans from Shareholders		10,000	10,000
Income tax payables		-	468
Loans and borrowings	20	11,920	12,899
		<u>26,353</u>	<u>29,101</u>
<b>Non-current liabilities</b>			
Loans and borrowings	20	13,328	16,268
Deferred tax liabilities		3,385	2,718
		<u>16,713</u>	<u>18,986</u>
<b>Total liabilities</b>		<u>43,066</u>	<u>48,087</u>
<b>Equity</b>			
Share capital		57,532	57,680
Foreign exchange reserve		4	4
Retained (loss)/ profits	25	(4,104)	(2,491)
<b>Equity attributable to owners of the parent</b>		<u>53,432</u>	<u>55,193</u>
<b>Total equity</b>		<u>53,432</u>	<u>55,193</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>96,498</u>	<u>103,280</u>
Net assets per share (RM)		<u>0.35</u>	<u>0.36</u>

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**SECOND QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share capital RM'000	Non-distributable Share premium RM'000	exchange reserve RM'000	Distributable Retained profits RM'000	Total RM'000
<b><u>Quarter ended 30 June 2018</u></b>					
At 1 April 2018	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
At 30 June 2018	-	-	-	-	-
<b><u>Quarter ended 30 June 2019</u></b>					
At 1 April 2019	57,680	-	4	(2,491)	55,193
Total comprehensive income/ (loss)	(148)	-	-	(1,613)	(1,761)
At 30 June 2019	57,532	-	4	(4,104)	53,432

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**SECOND QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW**

	<b>Current Period Ended 30-Jun-2019 Unaudited RM'000</b>	<b>Corresponding Period Ended 30-Jun-2018 Unaudited RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/ (loss) before tax	(71)	-
Adjustments for:		
Elimination entry		
Depreciation of Property, plant and equipment	1,129	-
Net unrealised foreign exchange loss/(gain)	(28)	-
Interest income	(238)	-
Operating profit before working capital changes	<u>792</u>	-
Increase in inventories	(1,458)	-
Decrease in trade and other receivables	1,826	-
Increase in prepayment	(998)	-
Increase in payables	<u>(1,301)</u>	-
Cash used in operations	(1,139)	-
Interest paid	(666)	-
Taxes paid	<u>(639)</u>	-
Net cash used in operating activities	(2,444)	-

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**SECOND QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW**

	<b>Current Year to Date Ended 30-Jun-2019 Unaudited RM'000</b>	<b>Corresponding Year to Date Ended 30-Jun-2018 Unaudited RM'000</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(520)	-
Proceed from disposal of property, plant and equipment	18	-
Corporate exercise expenses	(148)	-
Investment in deferred development cost	(398)	-
Interest received	238	-
Net cash used in investing activities	(810)	-
<b>Cash flows from financing activities</b>		
Net increase/(decrease) in borrowings	(3,918)	-
Interest	666	-
Net cash used in financing activities	(3,252)	-
Net decrease in cash and cash equivalents	(6,506)	-
Cash and cash equivalents at beginning of financial period	9,299	-
<b>Cash and cash equivalents at end of financial period</b>	<b>2,793</b>	<b>-</b>
Cash and cash equivalents at end of financial period comprise:		
- Cash and bank balances	2,793	-

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**SECOND QUARTER REPORT ENDED 30 JUNE 2019**  
**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<sup>st</sup> 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 31<sup>st</sup> December 2018.

The audited financial statements of the Group for the year ended 31<sup>st</sup> 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 31<sup>st</sup> December 2018.

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

The preceding audited financial statements for the year ended 31<sup>st</sup> December 2018 were not 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 period ended 30 June 2019.

**4. CHANGES IN ESTIMATES**

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





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**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**

	<b>30-Jun-2019</b>	<b>31-Dec-2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
<b>Trade receivables</b>		
Third parties	15,306	15,523
Less: Allowance for impairment (third parties)		
Trade receivables, net	<u>15,306</u>	<u>15,523</u>
<b>Other receivables</b>		
Other receivables	1,416	1,497
Deposits & Prepayments	182	1,682
	<u>1,598</u>	<u>3,179</u>
Total trade and other receivables	<u>16,904</u>	<u>18,702</u>

**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.



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

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

Ageing analysis of trade receivables

	<b>30-Jun-2019</b>	<b>31-Dec-2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	1,959	5,400
1 to 30 days past due not impaired	3,479	1,919
31 to 60 days past due not impaired	2,387	2,529
61 to 90 days past due not impaired	1,175	554
More than 91 days past due not impaired	4,206	2,995
	11,247	7,997
Impaired	2,100	2,126
	15,306	15,524

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 RM11,247 (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.



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**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 six months ended 30 June 2019 are as follow:

<b>Revenue</b>	<b>3 Months Ended</b>		<b>Fiscal year ( 6 months)</b>	
	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>30-Jun-19</b>	<b>30-Jun-18</b>
<b>Segment</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>
Healthcare	5,233	-	9,854	-
Sterilisation	4,249	-	8,318	-
Elimination	(233)	-	(455)	-
<b>Total</b>	<b>9,249</b>	<b>-</b>	<b>17,717</b>	<b>-</b>

<b>PBT result</b>	<b>3 Months Ended</b>		<b>Fiscal year ( 6 months)</b>	
	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>30-Jun-19</b>	<b>30-Jun-18</b>
<b>Segment</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>
Healthcare	(397)	-	(1,488)	-
Sterilization	1,946	-	3,416	-
Corporate	(1,185)	-	(1,999)	-
<b>Total</b>	<b>364</b>	<b>-</b>	<b>(71)</b>	<b>-</b>



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**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**

Significant events announced from the previous quarter are as follows:

The Company announced that the completion of the Proposed disposal of the entire equity interest in Electron Beam Sdn. Bhd. took place on 25 June 2019 as all the conditions precedent in the Share Sale Agreement (“SSA”) have been fulfilled . Approval has been granted by the shareholders in the EGM ( Extraordinary General Meeting) on 18 July 2019. Electron Beam Sdn. Bhd. ceased to be a subsidiary of the Adventa Group on the 26 June 2019

**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**

The Group achieved a revenue of RM 9.2 million in Q2 of 2019 with EBITDA at RM 1.12 million and a profit before tax of RM 364,000. The healthcare business contributed 56% of the group's revenue with an increase of 13% compared to last quarter. The sterilization business performed as expected, with a steady growth of 4% in revenue.

**COMPARISON WITH PRECEDING QUARTER'S RESULTS**

	<b>3 months 2Q 2019</b>	<b>3 months 1Q 2019</b>
	<b>RM ('000)</b>	<b>RM ('000)</b>
Revenue	9,249	8,468
Profit/ (Loss) Before Tax	364	(435)
EBITDA	1,122	393

Revenue achieved for 2Q 2019 was RM 9.24 million compared to RM 8.46 million in 1Q 2019. The profit before tax improved from a loss of RM 435,000 to a profit this quarter.

**14. COMMENTARY ON CURRENT YEAR PROSPECTS -**

The proposed disposal of Electron Beam Sdn Bhd (E-BEAM) which was completed in 3Q 2019, shall reduce revenue by an estimated amount of RM 8.0 mil for the remaining quarters of the year. The decision to exit the sterilization business is that it will need more capital expenditure to scale up to meet customers' growth expectations. The management decided that the potential return on investment will be greater in the healthcare business in particular home dialysis business.

The fund raised from disposal of E-BEAM enables the group to focus on future expansion of its healthcare business and to pare down borrowings. It also halted the announced proposed cash call from the shareholders until further notice.

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**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**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.

	<b>3 Months Ended</b>		<b>Fiscal year ( 6 months)</b>	
	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>30-Jun-19</b>	<b>30-Jun-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax	(315)	-	(448)	-
Deferred tax	(433)	-	(1,094)	-
<b>Total</b>	<b>(748)</b>	<b>-</b>	<b>(1,542)</b>	<b>-</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.

**19. CORPORATE PROPOSALS**

There were no corporate proposals announced which remain uncompleted at the end of the financial period ended 30 June 2019 except the following:

- a. On 28 May 2019, the Board made an announcement that the Company had on 28 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.

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The shareholders' approval was obtained on 18 July 2019 at the EGM and the proposed disposal was completed on 25 July 2019 as all the conditions precedent in the SSA have been fulfilled.

- b. On 28 August 2019, the Company had resolved to abort the Fund Raising Proposal ie the Proposed rights issues of Irredeemable Convertible Preference Shares ("ICPS") with warrants.

**20. BORROWINGS AND DEBT SECURITIES**

The total borrowing of the company as at period end 30<sup>th</sup> June 2019 as below.

<b>Secured:</b>	<b>30-Jun-2019</b>
	<b>RM'000</b>
Short Term Borrowings	7,133
Long Term Borrowings	18,115
Total Borrowings	25,248

**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 30 June 2019

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**23. EARNINGS PER SHARE**

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

a. **Basic**

	<b>3 Months Ended</b>	
	<b>30-Jun-19</b>	<b>31-Mar-18</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit/(loss) attributable to ordinary equity holders of the parent (RM)	(384)	(1,229)
Weighted average number of ordinary shares in issue (Unit)	152,786	152,786
Basic earnings per share (sen)	(0.25)	(0.80)

b. **Diluted**

There were no diluted earnings per share.

**24. PROFIT BEFORE TAX**

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

	<b>3 Months Ended</b>	<b>Fiscal Year (6 Months Ended)</b>
	<b>30-Jun-2019</b>	<b>30-Jun-2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	(133)	(238)
Other income	-	-
Interest expenses	353	666
Net foreign exchange loss	(51)	57



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**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:

	<b>30-Jun-2019</b>	<b>30-Jun-2018</b>
<b><u>Group's total retained profits:</u></b>	<b>RM'000</b>	<b>RM'000</b>
Realised	(35,343)	-
Unrealised	(3,413)	-
<b>Total Realised and unrealised</b>	<b>(38,756)</b>	<b>-</b>
Less: Consol adjustments	(34,652)	-
Accumulated (loss)/Retained profits	<b>(4,104)</b>	<b>-</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 28<sup>th</sup> August 2019.

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