



ADVENTA BERHAD

(Company No : 618533-M)

(Incorporated in Malaysia)

THIRD QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual period		Cumulative period	
		3 Months Ended		9 Months Ended	
		Unaudited 30-Sep-2019 RM'000	Unaudited 30-Sep-2018 RM'000	Unaudited 30-Sep-2019 RM'000	Unaudited 30-Sep-2018 RM'000
Revenue	8	9,522	-	27,239	-
Operating expenses		(11,739)	-	(29,041)	-
Net foreign exchange gain/ (loss)		(51)	-	(109)	-
Other operating income	27	32,011	-	32,249	-
Operating profit/ (loss)		29,743	-	30,338	-
Finance costs		(311)	-	(977)	-
Profit/ (loss) before taxation	8 & 13	29,432	-	29,361	-
Income tax expenses	17	685	-	(857)	-
Profit/ (loss) for the period		30,117	-	28,504	-
Profit attributable to:					
Owners of the parent	24	30,211	-	28,598	-
Non-controlling interests		(94)	-	(94)	-
Profit/ (loss) for the period		30,117	-	28,504	-
Earnings/ (losses) per share (sen):					
Basic	24	19.77	-	18.72	-
Diluted		N/A	-	N/A	-
Number of ordinary shares ('000)	24	152,786	-	152,786	-

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THIRD QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<u>Individual period</u>	<u>Cumulative period</u>
	3 Months Ended	9 Months Ended
	30-Sep-2019	30-Sep-2019
	Unaudited	Unaudited
	RM'000	RM'000
Profit/ (loss) for the period	30,117	28,504
Other comprehensive income:		
Foreign currency translation	(116)	(112)
Total comprehensive income/ (loss) for the period	<u>30,001</u>	<u>28,392</u>
Total comprehensive income attributable to:		
Owners of the parent	29,907	28,298
Non-controlling interests	<u>94</u>	<u>94</u>
Total comprehensive income/ (loss) for the period	<u>30,001</u>	<u>28,392</u>

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THIRD QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited As at 30-Sep-2019 RM'000	Audited As at 31-Dec-2018 RM'000
ASSETS			
Non-current assets			
Property, plant & equipment		16,064	48,903
Deferred development cost		5,665	5,108
Intangible assets		457	4,824
Deferred tax assets		406	428
		<u>22,592</u>	<u>59,263</u>
Current assets			
Inventories		13,299	15,566
Trade and other receivables	7	35,731	18,702
Prepayment		5,189	-
Tax recoverable		200	450
Cash and bank balances		30,452	9,299
		<u>84,871</u>	<u>44,017</u>
TOTAL ASSETS		<u>107,463</u>	<u>103,280</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited As at 30-Sep-2019 RM'000	Audited As at 31-Dec-2018 RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables and other payables		9,752	5,734
Loans from Shareholders		9,894	10,000
Income tax payables		-	468
Loans and borrowings	21	428	12,899
		20,074	29,101
Non-current liabilities			
Loans and borrowings	21	4,336	16,268
Deferred tax liabilities		-	2,718
		4,336	18,986
Total liabilities		24,410	48,087
Equity			
Share capital		57,448	57,680
Foreign exchange reserve		(112)	4
Retained (loss)/ profits	26	26,107	(2,491)
Equity attributable to owners of the parent		83,443	55,193
Non-controlling interests		(390)	-
Total equity		83,053	55,193
TOTAL EQUITY AND LIABILITIES		107,463	103,280
Net assets per share (RM)		0.54	0.36

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Non-distributable</u>		<u>Distributable</u>	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Foreign exchange reserve RM'000	Retained profits RM'000			
<u>Quarter ended 30 September 2018</u>						
At 1 July 2018	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-
At 30 September 2018	-	-	-	-	-	-
<u>Quarter ended 30 June 2019</u>						
At 1 July 2019	57,680	4	(2,491)	55,193	-	55,193
Total comprehensive income/ (loss)	(232)	(116)	28,598	28,138	(390)	27,748
At 30 September 2019	57,448	(112)	26,107	83,331	(390)	82,941

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THIRD QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Period Ended 30-Sep-2019 Unaudited RM'000	Corresponding Period Ended 30-Sep-2018 Unaudited RM'000
Cash flows from operating activities		
Profit/ (loss) before tax	29,362	-
Adjustments for:		
Elimination entry		
Depreciation of Property, plant and equipment	1,447	-
Gain on disposal of Electron Beam Sdn Bhd	(31,627)	-
Net unrealised foreign exchange loss/(gain)	(65)	-
Interest income	(622)	-
Operating profit before working capital changes	<u>(1,505)</u>	-
Increase in inventories	387	-
Increase in trade and other receivables	(1,942)	-
Increase in prepayment	(4,830)	-
Increase in payables	<u>8,888</u>	-
Cash used in operations	998	-
Interest paid	(977)	-
Taxes paid	<u>(324)</u>	-
Net cash used in operating activities	(303)	-

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THIRD QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Year to Date Ended 30-Sep-2019 Unaudited RM'000	Corresponding Year to Date Ended 30-Sep-2018 Unaudited RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(737)	-
Proceed from disposal of property, plant and equipment	202	-
Net cash outflow on acquisition of subsidiary	278	-
Cash inflow arising from disposal of a subsidiary	45,262	-
Corporate exercise expenses	(232)	-
Investment in deferred development cost	(557)	-
Interest received	623	-
Net cash used in investing activities	44,839	-
Cash flows from financing activities		
Net increase/(decrease) in borrowings	(24,403)	-
Interest	977	-
Net cash used in financing activities	(23,426)	-
Effects of foreign exchange rate changes	43	-
Net decrease in cash and cash equivalents	21,153	-
Cash and cash equivalents at beginning of financial period	9,299	-
Cash and cash equivalents at end of financial period	30,452	-
Cash and cash equivalents at end of financial period comprise:		
- Cash and bank balances	30,452	-

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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 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 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 September 2019.

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.



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6. DIVIDENDS PAID

There were no dividends paid during the current quarter.

7. TRADE AND OTHER RECEIVABLES

		30-Sep-2019	31-Dec-2018
		RM'000	RM'000
Current			
Trade receivables			
Third parties	(a)	13,547	15,523
Other receivables			
Other receivables	(b)	22,183	1,497
Total trade and other receivables		<u>35,731</u>	<u>17,020</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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(a) Trade receivables (cont'd.)

Ageing analysis of trade receivables

	30-Sep-2019	31-Dec-2018
	RM'000	RM'000
Neither past due nor impaired	3,371	5,400
1 to 30 days past due not impaired	2,744	1,919
31 to 60 days past due not impaired	733	2,529
61 to 90 days past due not impaired	693	554
More than 91 days past due not impaired	4,456	2,995
	8,625	7,997
Impaired	1,551	2,126
	13,547	15,523

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 RM 8,625 (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.

- (b)** Included in Other Receivables is the in-escrow payment from the sale of Electron Beam Sdn Bhd in the amount of RM20m pending finalisation of the terms in sales and purchase agreement.



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8. SEGMENTAL INFORMATION

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.

The company's segmental revenues & PBT for nine months ended 30 Sep 2019 are as follow:

<u>Revenue</u>	3 Months Ended		Fiscal year (9 months)	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
<u>Segment</u>	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Healthcare	8,442	-	18,296	-
Sterilisation	1,191	-	9,509	-
Corporate	786	-	786	-
Elimination	(897)	-	(1,532)	-
Total	9,522	-	27,239	-

<u>PBT result</u>	3 Months Ended		Fiscal year (9 months)	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
<u>Segment</u>	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Healthcare	(2,696)	-	(4,184)	-
Sterilization	(53)	-	3,363	-
Corporate	64,689	-	62,690	-
Elimination	(32,508)	-	(32,508)	-
Total	29,432	-	29,361	-

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 are no material events subsequent to the end of the reporting period under review that have not been reflected in the quarterly financial statements.



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11. CHANGES IN COMPOSITION OF THE GROUP

- On 23rd July 2019 Lucenia (M) Sdn. Bhd. acquired 55% equity interest in Lucenia Healthcare (Private) Limited for cash consideration of RM40,000.00. Lucenia Healthcare (Private) Limited, a company incorporated in Sri Lanka became a subsidiary of the Group.
- On 25th July 2019 Adventa Berhad had completed the disposal of 100% equity interest in Electron Beam Sdn. Bhd. Therefore, it has ceased to become a subsidiary of the Group.
- On 10th September 2019 Sun Healthcare (M) Sdn. Bhd. incorporated Mycare Lanka (Private) Limited in Sri Lanka with 51% shareholdings. The company became a subsidiary of the Group since the date of incorporation.

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

14. PERFORMANCE REVIEW

The Group achieved a revenue of RM 9.52 million in Q3 2019 and a profit before tax of RM29.43 million. This profit is mainly contributed by gain on sale of a subsidiary during this quarter.

The healthcare sector has improved with higher sales and better market penetration. This improvement is expected to continue barring unforeseen circumstances in the market. Higher government healthcare expenditure helped increased hospital supplies revenue.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	3 months 3Q 2019	3 months 2Q 2019	3 months 1Q 2019
	RM ('000)	RM ('000)	RM ('000)
Revenue	9,522	9,249	8,468
Profit/ (Loss) Before Tax	29,433	364	(435)
EBITDA	29,714	1,122	393

Revenue achieved for 3Q 2019 was RM 9.52 million compared to RM 9.24 million in 2Q 2019 with a 3% improvement. Profit before tax of RM29.43 million in 3Q 2019 mainly derived from gain on disposal of sterilisation business. Comparatively, eliminating the sterilisation revenue impact from last quarter and this quarter, the results show the sales from the healthcare sector has increased from RM5.2m last quarter to RM8.4m this quarter, an increase of 61%.

16. COMMENTARY ON CURRENT YEAR PROSPECTS -

The sale of Electron Beam Sdn Bhd (E-BEAM) completed in 3Q 2019, will remove a source of income for the company but this is offset by the gains from the sale and lower financial cost from loans paydown. The improvement in the healthcare sector is positively encouraging and is expected to grow topline revenue in the year. While it will remain in a loss position, higher sales and better price recovery has reduced the impact of the devaluation of the Ringgit in the year.

With higher efficiency in logistics, the company is positioned to increase revenue in its third-party logistics and contracted medical warehousing.

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17. UTILISATION OF PROCEEDS

The gross proceeds arising from the E-Beam Disposal of RM75 million are as follow.

Details of Utilisation	Expected utilization time frame	Proposed Utilisation	Actual Utilisation	Remaining balance
		RM ('000)	RM ('000)	RM ('000)
Proposed Special Dividend	Within 6 months	10,700	-	10,700
Business Expansion	Within 36 months	22,500	1,700	20,800
Repayment of Bank Borrowings	Within 6 months	20,000	19,539	461
Working Capital	Within 12 months	21,000	6,170	14,830
Estimated Expenses	Within 3 months	800	800	Fully utilised
Total		75,000	28,209	46,791

18. PROFIT FORECAST

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

19. 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 (9 months)	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	RM'000	RM'000	RM'000	RM'000
Income tax	100	-	(348)	-
Deferred tax	585	-	(509)	-
Total	685	-	(857)	-

20. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

21. MARKETABLE SECURITIES

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

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22. CORPORATE PROPOSALS

There were no corporate proposals announced which remain uncompleted at the end of the financial period ended 30 September 2019.

23. BORROWINGS AND DEBT SECURITIES

The total borrowing of the company as at period end 30 Sep 2019 as below.

Secured:	30-Sep-2019
	RM'000
Short Term Borrowings	428
Long Term Borrowings	4,336
Total Borrowings	4,764

24. 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.

25. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30 September 2019

26. EARNINGS PER SHARE

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

a. **Basic**

	3 Months Ended		
	30-Sep-19	30-Jun-19	31-Mar-18
	RM'000	RM'000	RM'000
Profit/(loss) attributable to ordinary equity holders of the parent (RM)	30,211	(384)	(1,229)
Weighted average number of ordinary shares in issue (Unit)	152,786	152,786	152,786
Basic earnings per share (sen)	19.77	(0.25)	(0.80)

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b. Diluted

There were no diluted earnings per share.

27. PROFIT BEFORE TAX

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

	3 Months Ended	Fiscal Year (9 Months Ended)
	30-Sep-2019	30-Sep-2019
	RM'000	RM'000
* Other income	32,011	32,249
Interest income	200	438
Interest expenses	311	977
Net foreign exchange loss	(51)	(109)

* Included in Other income is gain on sale of subsidiary of RM31.6m.

28. 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:

	30-Sep-2019	30-Sep-2018
<u>Group's total retained profits:</u>	RM'000	RM'000
Realised	22,798	-
Unrealised	342	-
Total Realised and unrealised	23,140	-
Less: Consol adjustments	(2,967)	-
Accumulated (loss)/Retained profits	26,107	-



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29. 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 26th November 2019.

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