

**ADVENTA Berhad**  
(Company No : 618533-M)  
(Incorporated in Malaysia)  
**FOURTH QUARTER REPORT ENDED 31 DECEMBER 2020**

**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 December 2019. 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 December 2019.

The audited financial statements of the Group for the year ended 31 December 2019 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 Group for the financial year ended 31 December 2019.

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

The preceding audited financial statements for the year ended 31 December 2019 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 current quarter under review.

**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 under review.

**6. DIVIDENDS PAID**

There were no dividend paid during current quarter under review.

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**7. TRADE AND OTHER RECEIVABLES**

	<b>As at 31-Dec-20 RM ('000)</b>	<b>As at 31-Dec-19 RM ('000)</b>
<b>Trade Receivables</b>		
Third parties	22,980	16,932
Allowance for impairment loss	(6,073)	(3,082)
	16,907	13,850
<b>Other Receivables</b>		
Third parties and GST receivables	244	15,429
Allowance for impairment loss	-	(390)
	244	15,039
Deposits	272	220
	17,423	29,109

**a) Trade Receivables**

The Group's normal trade credit term ranges from 30 to 90 days (2019: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognized at their original invoice amounts which represent their fair value on initial recognition.

The Group recognizes loss allowances for expected credit losses (ELC) on trade receivables measured at amortised cost. The Group applies the simplified approach to provide ECLs for all trade receivables as permitted by MFRS 9.

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

	<b>As at 31-Dec-20</b>			<b>As at 31-Dec-19</b>		
	<b>Gross RM ( '000)</b>	<b>Loss Allowance RM ( '000)</b>	<b>Net RM ( '000)</b>	<b>Gross RM ( '000)</b>	<b>Loss Allowance RM ( '000)</b>	<b>Net RM ( '000)</b>
Not past due	3,067	-	3,067	5,476	-	5,476
Past due:						
- Less than 30 days	3,728	-	3,728	2,051	-	2,051
- 31 to 60 days	2,477	-	2,477	3,164	-	3,164
- 61 to 90 days	1,052	-	1,052	901	(76)	825
- More than 90 days	6,583	-	6,583	2,673	(339)	2,334
	13,840	-	13,840	8,789	(415)	8,374
Credit impaired						
Individually impaired	6,073	(6,073)	-	2,667	(2,667)	-
Trade Receivables, net	22,980	(6,073)	16,907	16,932	(3,082)	13,850

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Credit impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted payments. These receivables are not secured by any collateral or credit enhancements.

**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.

**Warehouse & Logistic:** Provision of storage, warehousing and logistic services to companies within the Group.

The Group's segmental revenue and profit/(loss) before tax (PBT/LBT) for current quarter are as follow:

<u>Revenue</u>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31-Dec-20</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
<u>Segment</u>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>
Healthcare	13,078	12,020	105,626	30,316
Sterilisation	-	(141)	-	8,651
Warehouse & logistic	448	258	1,891	975
Corporate	330	1,383	1,815	2,169
Elimination	(1,150)	(1,878)	(22,113)	(3,230)
<b>Total</b>	<b>12,706</b>	<b>11,642</b>	<b>87,219</b>	<b>38,881</b>
<u>PBT/(LBT) result</u>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>
<u>Segment</u>				
Healthcare	(9,513)	(6,294)	(11,988)	(10,478)
Sterilization	-	-	-	3,969
Warehouse & logistic	123	(227)	366	(833)
Corporate	(5,294)	364	(5,803)	63,054
Elimination	5,100	100	5,100	(32,408)
<b>Total</b>	<b>(9,584)</b>	<b>(6,057)</b>	<b>(12,325)</b>	<b>23,304</b>

**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.

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**10. SIGNIFICANT AND SUBSEQUENT EVENTS**

Events subsequent to the end of the reporting period is as follow :

On 5 February 2021, the Company entered into a conditional share sales agreement (“SSA”) with Mr Low Chin Guan (“buyer”) for the disposal of the entire equity interest held by Adventa in Lucenxia (M) Sdn Bhd to the Buyer and/or his nominee(s) for a total cash consideration of RM11.0 million (“Consideration”), subject to the terms as set out in the SSA.

**11. CHANGES IN COMPOSITION OF THE GROUP**

- On 26 March 2020, Adventa Berhad incorporated PT Humana Medical International in Indonesia with 90% shareholdings. The company became a subsidiary of the Group since the date of incorporation.
- On 30 March 2020, Adventa Berhad incorporated PT Akema Healthcare International in Indonesia with 49% shareholdings. The company became an associate of the Group since the date of incorporation.
- On 5 June 2020, Lucenxia International Sdn Bhd incorporated PT Lucenxia Indonesia International in Indonesia with 70% shareholdings. The Company became a subsidiary of the Group since the date of incorporation.
- On 5 June 2020, Lucenxia International Sdn Bhd acquired 80% equity interest in Lucenxia (Thailand) Co. Ltd for cash consideration of 1,600,000 Thai Baht. Lucenxia (Thailand) Co., Ltd, a company incorporated in Thailand became a subsidiary of the Group.
- On 28 October 2020, Lucenxia International Sdn Bhd incorporated Lucenxia Philippines International Inc. in Philippines with 98% shareholdings. The Company became a subsidiary of the Group since the date of incorporation.
- On 1 November 2020, the directors of the Company has approved the transfer of 100% equity shareholding of Lucenxia International Sdn. Bhd own by Adventa Berhad to Lucenxia (M) Sdn. Bhd. as part of reorganization of the Group structure. However this resolution was rescinded on 31 December 2021.

**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**

There were no commitments for the purchase of property, plant and equipment at the financial period ended 31 December 2020.

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

**14. PERFORMANCE REVIEW**

	<b>Individual Quarter Ended 4Q 2020</b>	<b>Individual Quarter Ended 4Q 2019</b>	<b>Changes</b>	
	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>%</b>
Revenue	12,706	11,642	1,064	9.1
(Loss) before tax (LBT)	(9,584)	(6,057)	(3,527)	-58.2

In this last quarter of Q4 2020 sales are up by 9.1% compared to same quarter last year, from RM 11.6 million to RM 12.71 million. Supplies to hospital increased but margin contracted substantially by over-supply competition and imposed ceiling price of certain PPE products. A provision of RM6 million for impairment is made to address the likely deterioration of trade receivables especially overseas receivables. Loss increased by 58.2% compared to Q4 2019. Another material contributor of the Group loss is from the dialysis segment amounting to RM 2.59 million in the quarter.

**15. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

	<b>Individual Quarter Ended 4Q 2020</b>	<b>Individual Quarter Ended 3Q 2020</b>	<b>Changes</b>	
	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>%</b>
Revenue	12,706	14,446	(1,738)	-12
(Loss) before tax (LBT)	(9,584)	(5,277)	(4,307)	-81.6

Compared to previous quarter, this quarter see a drop of 12% in revenue and 81.6% increase in loss. The Covid-19 pandemic created abnormal situations which increased operational costs and induced intense price competition to unload stocks from expectations of supply and demand.

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**16. COMMENTARY ON CURRENT YEAR PROSPECTS**

Until the economy resumes a normality from the Covid-19 pandemic, the results for most of the Group's companies will range from a maintained level or be slightly subdued.

While we are in hospital supplies, our customers who are mainly hospitals are not operating at normal capacity with elective procedures deferred. Hospitals are focused on the management of the pandemic and emergency cases, with consumption of products mainly in the PPE range.

The Group intends to realign its hospital supply business to avoid fluctuating results from unpredictable supply-demand situations with a better mix of capital goods and fast moving disposable products.

**17. UTILISATION OF PROCEEDS**

The gross proceeds arising from the Electron Beam Sdn Bhd (EBSB) Disposal of RM75 million are as follow :

<b>Details of Utilisation</b>	<b>*Revised Expected utilization time frame</b>	<b>Proposed Utilisation</b>	<b>* Revised Proposed Utilisation</b>	<b>Actual Utilisation</b>	<b>Remaining balance</b>
		<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>
Special dividend	Within 6 months	10,700	10,700	10,700	-
Business expansion	Within 24 months	22,500	6,188	6,188	-
Repayment of bank borrowings	Within 6 months	20,000	20,000	20,000	-
Working capital	Within 12 months	21,000	37,312	37,312	-
Estimated expenses	Within 3 months	800	800	800	-
<b>Total</b>		<b>75,000</b>		<b>75,000</b>	<b>-</b>

\*Announcement on variation to the utilization of consideration from EBSB disposal was made to Bursa Malaysia on 28 August 2020.

**18. PROFIT FORECAST**

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

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**19. TAXATION**

No tax is provided as the company incurred a loss.

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31-Dec-20</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>
Income tax	-	(69)	-	(417)
Deferred tax assets/(liabilities)	400	(477)	400	(986)
<b>Total</b>	<b>400</b>	<b>(546)</b>	<b>400</b>	<b>(1,403)</b>

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

There was no sale of unquoted investments and properties during the current quarter under review.

**21. MARKETABLE SECURITIES**

There was no purchase or disposal of marketable securities during the current quarter under review.

**22. CORPORATE PROPOSALS**

There was no corporate proposal announced which remain uncompleted at the financial year ended 31 December 2020.

**23. BANK BORROWINGS AND DEBT SECURITIES**

The total bank borrowings of the Group as at financial year ended 31 December 2020 as below.

	<b>As at 31-Dec-20 RM ('000)</b>	<b>As at 31-Dec-19 RM ('000)</b>
<b>Current (Secured):</b>		
Revolving Credit	-	2,500
Term Loan	1,500	2,000
	<hr/>	<hr/>
	-	4,500
<b>Non-Current (Secured):</b>		
Term Loan	-	1,500
Total Bank Borrowings	<hr/> 1,500 <hr/>	<hr/> 6,000 <hr/>

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**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. EARNINGS PER SHARE**

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

a. **Basic**

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31-Dec-20</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
(Loss)/Profit attributable to ordinary equity holders of the parent (RM '000)	(9,285)	(6,457)	(11,745)	22,141
Weighted average number of ordinary shares in issue (Unit '000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	(6.08)	(4.23)	(7.69)	14.49

b. **Diluted**

There were no diluted earnings per share.

**26. (LOSS) / PROFIT BEFORE TAX**

(Loss) / profit before tax is stated after charging/(crediting):

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>
	<b>31-Dec-2020</b>	<b>31-Dec-2019</b>	<b>31-Dec-2020</b>	<b>31-Dec-2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other income	21	106	71	31,734
Interest income	9	267	431	888
Net foreign exchange loss	(311)	(92)	(558)	(201)
Interest expenses	(382)	(527)	(1,344)	(1,504)



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**27. REALISED AND UNREALISED PROFITS/(LOSSES)**

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

	<b>As at 31-Dec-2020</b>	<b>As at 31-Dec-2019</b>
<b><u>Group's total (Accumulated losses)/Retained profits:</u></b>	<b>RM'000</b>	<b>RM'000</b>
Realised	(23,012)	13,378
Unrealised	(16,824)	(181)
<b>Total Realised and unrealised</b>	<b>(39,836)</b>	<b>13,197</b>
Less: Consol adjustments	37,343	(3,945)
(Accumulated losses) / Retained profits	<b>(2,493)</b>	<b>9,252</b>

**28. 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 23<sup>rd</sup> February 2021.

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