

ADVENTA BERHAD
(Company No : 200301016113 (618533-M))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2021

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 2020. The explanatory notes attached to the interim financial statements explain events and transactions 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 2020.

The audited financial statements of the Group for the year ended 31 December 2020 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"). The significant accounting policies and method of computations adopted in the preparation of the financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2020.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding audited financial statements for the year ended 31 December 2020 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 on 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 was no dividend paid during the current quarter under review.

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7. TRADE AND OTHER RECEIVABLES

	As at 31-Dec-21 RM ('000)	As at 31-Dec-20 RM ('000)
Trade Receivables		
Third parties	37,965	23,190
Allowance for impairment loss	(3,746)	(6,090)
	<u>34,219</u>	<u>17,100</u>
Other Receivables		
Third and Related parties	12,239	4,276
Allowance for impairment loss	-	(356)
	<u>12,239</u>	<u>3,920</u>
Deposits and Prepayments	2,495	460
	<u>48,953</u>	<u>21,480</u>

a) Trade Receivables

The Group's normal trade credit term ranges from 30 to 90 days (2020: 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 (ECLs) 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:

	As at 31-Dec-21 RM ('000)	As at 31-Dec-20 RM ('000)
Not past due	16,887	7,598
Past due:		
- Less than 30 days	12,996	1,779
- 31 to 60 days	3,747	949
- 61 to 90 days	775	513
- More than 90 days	3,560	12,351
	<u>37,965</u>	<u>23,190</u>
Less: Loss allowance		
- Collectively impaired	(180)	(937)
- Individually impaired	(3,566)	(5,153)
Trade Receivable net	<u>34,219</u>	<u>17,100</u>

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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 is for home and center-based treatments, serving both the domestic and export markets. This renal dialysis business was disposed of on 3 May 2021.

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

<u>Revenue</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
<u>Segment</u>	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Healthcare	22,615	11,564	99,091	105,555
Corporate	62	330	709	1,815
Elimination	(62)	739	(743)	(20,224)
Total	22,615	12,633	99,057	87,146

<u>PBT/(LBT) result</u>				
<u>Segment</u>	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Healthcare	2,894	(4,711)	13,831	(6,942)
Corporate	(512)	(5,291)	(1,500)	(5,801)
Elimination	-	-	-	-
Total	2,382	(10,002)	12,331	(12,743)

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 EVENTS

The significant event announced during the year is as follow :

The Company announced the completion of the Proposed Disposal of the entire equity of Lucenxia (M) Sdn. Bhd. (“Lucenxia”) took place on 3 May 2021 as all the Conditions Precedent in the Share Sale Agreement (“SSA”) have been fulfilled and the SSA has become unconditional. Approval has been granted by the shareholders in the Extraordinary General Meeting (EGM) on 8 April 2021. Lucenxia ceased to be a subsidiary of the Company with the completion took place on 3 May 2021.

11. CHANGES IN COMPOSITION OF THE GROUP

- On 3 May 2021, Lucenxia (M) Sdn. Bhd. ceased to be the subsidiary of the Company.

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 2021.

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

14. PERFORMANCE REVIEW

	Individual Quarter Ended 4Q 2021	Individual Quarter Ended 4Q 2020	Changes	Changes
	RM ('000)	RM ('000)	RM ('000)	%
Revenue	22,615	12,633	9,982	79%
Profit before tax / (Loss before tax)	2,382	(10,002)	12,384	124%

Sales revenue improved by 79% over 2020 fourth quarter, reflecting the recovery of the healthcare sector.

Profit before tax is RM2.38 million compared to a previous loss of RM10 million, a remarkable turnaround to profitability for the quarter.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Reporting Quarter 4Q 2021	Previous Quarter 3Q 2021	Changes	Changes
	RM ('000)	RM ('000)	RM ('000)	%
Revenue	22,615	43,423	(20,808)	-48%
Profit Before Tax (PBT)	2,382	3,512	(1,130)	-32%

This quarter recorded a drop of 48% in revenue and a 32% decrease in profit before tax compared to the previous quarter, mainly due to the massive flash floods in December that disrupted the supply chain.

16. COMMENTARY ON CURRENT YEAR PROSPECTS

The Company achieved a robust sales revenue of RM 99 million this year and turned from a loss of RM12.3 million to a profit of RM12.7 million.

While Covid-19 pandemic is still a clear concern with most countries not able to stave off the coronavirus pandemic, the Company believes the demand for healthcare products will remain strong in the healthcare system. This sector is expected to recover to its pre-Covid level as hospital activities pick up. The Company shall continue to focus on growth in this business segment and anticipate a positive outlook.

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17. UTILISATION OF PROCEEDS

The gross proceeds arising from Lucenxia (M) Sdn Bhd (“Lucenxia”) Disposal of RM11 million are as follow.

Details of utilisation	Revised Expected utilization time frame	Proposed Utilisation	Amount Utilised	Balance unutilised	*Variation
		RM'000	RM'000	RM'000	RM'000
Working capital	Within 24 months	8,400	8,400	-	2,000
Business expansion	Within 24 months	2,000	2,000	-	(2,000)
Estimated expenses	Within 3 months	600	600	-	-
Total		11,000	11,000	-	-

*Announcement on variation to the utilization of consideration from Lucenxia Disposal was made to Bursa Malaysia on 5 July 2021.

18. PROFIT FORECAST

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

19. TAXATION

The effective tax rate is lower than the statutory rate due to availability of tax losses brought forward to set off against taxable profits.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Income tax credit/(expense)	320	8	(83)	8
Deferred tax assets/(liabilities)	819	400	419	400
Total	1,139	408	336	408

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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

The Company had on 8 Dec 2021 made an application to Bursa Malaysia for a Proposed Share Issuance of up to 20% of the total number of issued shares (“Proposed Share Issuance”) and entered into a Subscription Agreement with Macquarie Bank Limited (“Macquarie”) granting them the right to subscribe for up to 15 million of new Adventa Shares.

On 13 December 2021, the Company had obtained approval from Bursa Malaysia for the listing of and quotation for 30,557,154 new Adventa Shares (“Placement Shares”) representing 20% of the Company’s total number of issued shares.

The Company did not issue any new Adventa share at the date of this report.

Save for the above, there was no other corporate proposal announced as at the date of this interim report but pending completion.

23. BANK BORROWINGS AND DEBT SECURITIES

The total bank borrowings of the Group as of financial year ended 30 September 2021 as below.

	As at 31-Dec-21 RM ('000)	As at 31-Dec-20 RM ('000)
Current (Secured):		
Trade loan	719	-
Term Loan	-	1,500
	<hr/> 719	<hr/> 1,500
Non-Current (Secured):		
Term Loan	-	-
Total Bank Borrowings	<hr/> 719	<hr/> 1,500

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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

	Individual Quarter Ended		Cumulative Quarter Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Profit attributable to ordinary equity holders of the parent (RM '000)	3,680	(9,319)	12,798	(11,779)
Weighted average number of ordinary shares in issue (Unit '000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	2.41	(6.10)	8.38	(7.71)

b. Diluted

There were no diluted earnings per share.

26. (LOSS) / PROFIT BEFORE TAX

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Other income	1,151	22	1,257	72
Interest income	54	9	129	431
Net foreign exchange loss/(gain)	(31)	(255)	(232)	(502)
Interest expenses	(373)	(378)	(1,356)	(1,340)

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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 as follows:

	As at 31-Dec-2021	As at 31-Dec-2020
Group's total (Accumulated losses)/Retained profits:	RM'000	RM'000
Realised	64,718	36,707
Unrealised	(3,865)	(6,784)
Total Realised and unrealised	60,853	29,923
Less: Consol adjustments	(50,582)	(32,450)
(Accumulated losses) / Retained profits	10,271	(2,527)

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 23rd February 2022.

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