

**ADVENTA BERHAD**  
(Company No : 200301016113 (618533-M))  
(Incorporated in Malaysia)  
**FIRST QUARTER REPORT ENDED 31 MARCH 2023**  
**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 2022. 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 2022.

The audited financial statements of the Group for the year ended 31 December 2022 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 2022.

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

The preceding audited financial statements for the year ended 31 December 2022 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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**FIRST QUARTER REPORT ENDED 31 MARCH 2023**

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**7. TRADE AND OTHER RECEIVABLES**

	<b>As at 31-Mar-23 RM ('000)</b>	<b>As at 31-Dec-22 RM ('000)</b>
<b>Trade Receivables</b>		
Third parties	25,608	20,491
Allowance for impairment loss	(742)	(742)
	<u>24,866</u>	<u>19,749</u>
<b>Other Receivables</b>		
Third and Related parties	2,732	2,560
Allowance for impairment loss	(2,449)	(2,449)
	<u>283</u>	<u>111</u>
<b>Deposits and Prepayments</b>	<u>12,096</u>	<u>5,914</u>
	<u>37,245</u>	<u>25,774</u>

**a) Trade Receivables**

The Group's normal trade credit term ranges from 30 to 90 days (2022: 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:

	<b>As at 31-Mar-23 RM ('000)</b>	<b>As at 31-Dec-22 RM ('000)</b>
Not past due	9,511	4,749
Past due:		
- Less than 30 days	2,788	1,150
- 31 to 60 days	1,762	2,811
- 61 to 90 days	500	4,642
- More than 90 days	11,047	7,139
	<u>25,608</u>	<u>20,491</u>
Less: Loss allowance		
- Collectively impaired	(136)	(136)
- Individually impaired	(606)	(606)
Trade Receivable net	<u>24,866</u>	<u>19,749</u>

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**FIRST QUARTER REPORT ENDED 31 MARCH 2023**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

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>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
<u>Segment</u>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>
Healthcare	14,428	18,295	14,428	18,295
Corporate	240	240	240	240
Elimination	(917)	(240)	(917)	(240)
<b>Total</b>	<b>13,751</b>	<b>18,295</b>	<b>13,751</b>	<b>18,295</b>
<u>(LBT)/PBT result</u>				
<u>Segment</u>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>
Healthcare	(635)	939	(635)	939
Corporate	(196)	(29)	(196)	(29)
Elimination	-	-	-	-
<b>Total</b>	<b>(831)</b>	<b>910</b>	<b>(831)</b>	<b>910</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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**(Incorporated in Malaysia)**  
**FIRST QUARTER REPORT ENDED 31 MARCH 2023**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**10. SIGNIFICANT 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.

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

There were no changes in the composition of the Group during the financial period ended 31 March 2023 and subsequent to financial period as of to date.

**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 material capital commitments at the financial period ended 31 March 2023.

**ADVENTA BERHAD**  
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 (Incorporated in Malaysia)  
**FIRST QUARTER REPORT ENDED 31 MARCH 2023**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

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

**14. PERFORMANCE REVIEW**

	<b>Individual Quarter Ended 1Q 2023</b>	<b>Individual Quarter Ended 1Q 2022</b>	<b>Changes</b>	<b>Changes</b>
	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>%</b>
Revenue	13,751	18,295	(4,544)	-25%
Profit before tax / (Loss before tax)	(831)	910	(1,741)	-191%

Revenue was lower by 25% from RM18.29m compared to Q1 last year mainly due to lower demand for certain products resulting from over-stocked positions and budget constraints from hospitals.

The lower sales revenue has resulted in a loss before tax of RM831k compared to a previous profit of RM910k. Increased procurement costs and competitive pricing has resulted in margin contraction for certain products especially products like disposable gloves.

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

	<b>Reporting Quarter 1Q 2023</b>	<b>Previous Quarter 4Q 2022</b>	<b>Changes</b>	<b>Changes</b>
	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>%</b>
Revenue	13,751	8,447	5,304	63%
Loss Before Tax (LBT)	(831)	(3,599)	(2,768)	77%

This quarter recorded an increase in revenue of 63% compared to the previous quarter and a loss before tax of RM831k, compared to a loss of RM3.6m due to impairment of receivables.

Losses incurred in this quarter is mainly due to lower margin for certain products due to competitive pricing particularly for products like disposable gloves.

**16. COMMENTARY ON CURRENT YEAR PROSPECTS**

While near-term headwinds such as from elevated inflation, high energy prices and rising interest rates this year still remains, current year prospects remain challenging in the face of reduced local demand for our products. The Company has expanded the product portfolio with our in-house brand to counter the margin contraction issue and is optimistic about the long term business prospects.

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 (Incorporated in Malaysia)  
**FIRST QUARTER REPORT ENDED 31 MARCH 2023**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**17. PROFIT FORECAST**

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

**18. TAXATION**

No taxation is provided as the company incurred a loss during the quarter under review.

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>	<b>RM ('000)</b>
Income tax credit/(expense)	-	(372)	-	(372)
Deferred tax assets/(liabilities)	-	-	-	-
<b>Total</b>	-	<b>(372)</b>	-	<b>(372)</b>

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

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

**20. MARKETABLE SECURITIES**

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

**21. CORPORATE PROPOSALS**

There was no corporate proposal announced which remain uncompleted at the financial period ended 31 March 2023.

**22. BANK BORROWINGS AND DEBT SECURITIES**

The total bank borrowings of the Group as of financial period ended 31 March 2023 is as below :

	<b>As at 31-Mar-23 RM ('000)</b>	<b>As at 31-Mar-22 RM ('000)</b>
<b>Current (Secured):</b>		
Trade loan	3,258	1,207
Term loan	8,150	-
<b>Total Bank Borrowings</b>	<u>11,408</u>	<u>1,207</u>

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**FIRST QUARTER REPORT ENDED 31 MARCH 2023**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**23. 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.

**24. 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-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
Profit attributable to ordinary equity holders of the parent (RM '000)	(826)	700	(826)	700
Weighted average number of ordinary shares in issue (Unit '000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	(0.54)	0.46	(0.54)	0.46

**b. Diluted**

There were no diluted earnings per share.

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

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

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other income	47	49	47	49
Interest income	10	69	10	69
Net foreign exchange loss/(gain)	(37)	(108)	(37)	(108)
Interest expenses	(322)	(334)	(322)	(334)

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**FIRST QUARTER REPORT ENDED 31 MARCH 2023**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**26. 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:

	<b>As at 31-Mar-2023</b>	<b>As at 31-Mar-2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group's total Retained profits:</u></b>		
Realised	8,578	16,659
Unrealised	(3,118)	(3,931)
<b>Total Realised and unrealised</b>	<b>5,460</b>	<b>12,728</b>
Less: Consol adjustments	(827)	(1,429)
<b>Retained profits</b>	<b>4,633</b>	<b>11,299</b>

**27. 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 18<sup>th</sup> May 2023.

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