



ADVENTA

ADVENTA BERHAD

(Company No : 200301016113 (618533-M))

(Incorporated in Malaysia)

FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual period		Cumulative period	
		Current Year Quarter 31-Mar-2021 RM'000	Preceding Year Corresponding Quarter 31-Mar-2020 RM'000	Current Year Quarter 31-Mar-2021 RM'000	Preceding Year Corresponding Quarter 31-Mar-2020 RM'000
Revenue	8	12,956	13,674	12,956	13,674
Operating expenses	8	(13,902)	(12,777)	(13,902)	(12,777)
Net foreign exchange gain/(loss)	25	(95)	11	(95)	11
Other operating income	25	103	173	103	173
Operating profit/(loss)		(938)	1,081	(938)	1,081
Finance costs	25	(353)	(173)	(353)	(173)
Profit/(loss) before taxation	8	(1,291)	908	(1,291)	908
Income tax expenses	18	-	(12)	-	(12)
Profit/(loss) for the period		(1,291)	896	(1,291)	896
Profit attributable to:					
Owners of the parent	24	(1,122)	1,008	(1,122)	1,008
Non-controlling interests		(169)	(112)	(169)	(112)
Profit/(loss) for the period		(1,291)	896	(1,291)	896
Earnings/(losses) per share (sen):					
Basic	24	(0.73)	0.66	(0.73)	0.66
Diluted		N/A	N/A	N/A	N/A
Number of ordinary shares ('000)	24	152,786	152,786	152,786	152,786

These condensed consolidated income statements should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



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FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual period		Cumulative period	
	Current Year Quarter 31-Mar-2021 RM'000	Preceding Year Corresponding Quarter 31-Mar-2020 RM'000	Current Year Quarter 31-Mar-2021 RM'000	Preceding Year Corresponding Quarter 31-Mar-2020 RM'000
Profit for the period	(1,291)	896	(1,291)	896
Other comprehensive income:				
Foreign currency translation	(27)	(25)	96	(25)
Total comprehensive income for the period	<u>(1,318)</u>	<u>871</u>	<u>(1,195)</u>	<u>871</u>
Total comprehensive income attributable to:				
Owners of the parent	(1,122)	1,008	(1,122)	1,008
Non-controlling interests	(196)	(137)	(73)	(137)
Total comprehensive income for the period	<u>(1,318)</u>	<u>871</u>	<u>(1,195)</u>	<u>871</u>

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FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited As at 31-Mar-2021 RM'000	Audited As at 31-Dec-2020 RM'000
ASSETS			
Non-current assets			
Property, plant & equipment		22,372	22,521
Deferred development cost		3,430	3,391
Intangible assets		457	455
Right-to-use assets		1,460	829
Deferred tax assets		400	400
		28,119	27,596
Current assets			
Inventories		17,372	16,845
Trade and other receivables	7	15,746	21,480
Tax recoverable		57	41
Cash and bank balances		14,734	15,174
		47,909	53,540
TOTAL ASSETS		76,028	81,136

These condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited	Audited
	As at	As at
Note	31-Mar-2021	31-Dec-2020
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables and other payables	5,084	9,093
Loans from director/former director	15,000	15,000
Lease liabilities	1,905	1,308
Bank borrowings	22 1,000	1,500
	<u>22,989</u>	<u>26,901</u>
Total liabilities	<u>22,989</u>	<u>26,901</u>
Equity		
Share capital	57,680	57,680
Foreign exchange reserve	114	59
Retained earnings	<u>(3,649)</u>	<u>(2,527)</u>
Equity attributable to owners of the parent	54,145	55,212
Non-controlling interests	<u>(1,106)</u>	<u>(977)</u>
Total equity	<u>53,039</u>	<u>54,235</u>
TOTAL EQUITY AND LIABILITIES	<u>76,028</u>	<u>81,136</u>
Net assets per share (RM)	<u>0.35</u>	<u>0.36</u>

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FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Non-distributable</u>		<u>Distributable</u>			
	Share	Foreign	Retained		Non-	Total
	capital	exchange	profits	Total	controlling	equity
	RM'000	reserve	RM'000	RM'000	interests	RM'000
		RM'000			RM'000	
Period ended 31 December 2020						
At 1 January 2020	57,680	22	9,252	66,954	(505)	66,449
Acquisition of subsidiary	-	-	-	-	50	50
Incorporation of subsidiary	-	-	-	-	11	11
Profit for the financial period	-	-	(11,779)	(11,779)	(556)	(12,335)
Other comprehensive income						
Foreign currency translation differences for foreign operations, representing total other comprehensive income	-	37	-	37	23	60
Total comprehensive income	-	37	-	37	23	60
Transactions with owners						
Current financial period	-	-	-	-	-	-
Special Dividend	-	-	-	-	-	-
Share issuance expenses	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
At 31 December 2020	<u>57,680</u>	<u>59</u>	<u>(2,527)</u>	<u>55,212</u>	<u>(977)</u>	<u>54,235</u>
Period ended 31 March 2021						
At 1 January 2021	57,680	59	(2,527)	55,212	(977)	54,235
Acquisition of subsidiary	-	-	-	-	-	-
Profit for the financial period	-	-	(1,122)	(1,122)	(169)	(1,291)
Other comprehensive income						
Foreign currency translation differences for foreign operations, representing total other comprehensive income	-	55	-	55	40	96
Total comprehensive income	-	55	-	55	40	96
At 31 March 2021	<u>57,680</u>	<u>114</u>	<u>(3,649)</u>	<u>54,145</u>	<u>(1,106)</u>	<u>53,040</u>

These condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



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FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Period to Date Ended 31-Mar-2021 RM'000	Corresponding Period to Date Ended 30-Mar-2020 RM'000
Cash flows from operating activities		
Profit/(loss) before tax	(1,291)	908
Adjustments for:		
Depreciation of property, plant and equipment	315	337
Impairment on inventories	2	-
Inventories written off	(3,194)	-
Interest expense	353	173
Interest income	(9)	(173)
Net unrealised foreign exchange loss/(gain)	-	(16)
Operating profit before working capital changes	(3,824)	1,229
(Increase)/decrease in inventories	2,664	1,603
(Increase)/decrease in receivables	1,635	5,083
Increase in advances to suppliers	-	(33,206)
(Decrease)/increase in payables	90	8,006
Cash used in operations	565	(17,285)
Taxes refund / (paid)	(16)	(12)
Net cash from/(used in) operating activities	550	(17,297)

These condensed consolidated statements of cash flow should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



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FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Year to Date Ended 31-Mar-2021 Unaudited RM'000	Corresponding Year to Date Ended 30-Mar-2020 Audited RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(278)	(575)
Proceed from disposal of plant and equipment	112	-
Investment in deferred development cost	(39)	(18)
Interest received	9	173
Net cash (used in)/from investing activities	(196)	(420)
Cash flows from financing activities		
Payment for lease liabilities	(6)	-
Net increase/(decrease) in borrowings	(530)	1,903
Dividend paid	-	(10,695)
Interest paid	(353)	(173)
Loans from shareholder	-	10,250
Net cash (used in)/from financing activities	(888)	1,285
Effects of foreign exchange rate changes	95	(1)
Net decrease in cash and cash equivalents	(440)	(16,433)
Cash and cash equivalents at beginning of financial period	15,174	40,132
Cash and cash equivalents at end of financial period	14,734	23,699
Cash and cash equivalents at end of financial period comprise:		
- Cash and bank balances	14,734	23,699

These condensed consolidated statements of cash flow should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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FIRST QUARTER REPORT ENDED 31 MARCH 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-Mar-21 RM ('000)	As at 31-Dec-20 RM ('000)
Trade Receivables		
Third parties	20,376	23,190
Allowance for impairment loss	(6,090)	(6,090)
	<u>14,286</u>	<u>17,100</u>
Other Receivables		
Third parties and GST receivables	527	4,276
Allowance for impairment loss	-	(356)
	<u>527</u>	<u>3,920</u>
Deposits	933	460
	<u>15,746</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 (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:

	As at 31-Mar-21 RM ('000)	As at 31-Dec-20 RM ('000)
Not past due	4,621	7,598
Past due:		
- Less than 30 days	2,735	1,779
- 31 to 60 days	1,788	949
- 61 to 90 days	516	513
- More than 90 days	10,716	12,351
	<u>15,755</u>	<u>15,592</u>
Less: Loss allowance		
- Collectively impaired	(937)	(937)
- Individually impaired	(5,153)	(5,153)
Trade Receivable net	<u>14,286</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.

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-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
<u>Segment</u>	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Healthcare	12,985	14,174	12,985	14,174
Corporate	409	505	409	505
Elimination	(438)	(1,005)	(438)	(1,005)
Total	12,956	13,674	12,956	13,674

<u>PBT/(LBT) result</u>				
<u>Segment</u>	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Healthcare	(1,171)	1,240	(1,171)	1,240
Corporate	(120)	(332)	(120)	(332)
Elimination	-	-	-	-
Total	(1,291)	908	(1,291)	908

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

Significant and subsequent event announced from the previous quarter are as follow :

The Company announced that the completion of the Proposed Disposal of the entire equity of Lucenxia (M) Sdn. Bhd. (“Lucenxia”) took place on 3 May 2020 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 20 April 2021, the directors of the Company has approved the transfer of 100% equity shareholding of Lucenxia International Sdn. Bhd owned by Adventa Berhad to Mr. Low Chin Guan as part of compliance to the terms as set out in the SSA of the Proposed Disposal of Lucenxia.
- 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 March 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 1Q 2021	Individual Quarter Ended 1Q 2020	Changes	
	RM ('000)	RM ('000)	RM ('000)	%
Revenue	12,956	13,674	(718)	-5%
(Loss)/Profit before tax ((LBT)/PBT))	(1,291)	908	(2,199)	-242%

In this first quarter of Q1 2021 sales contracted by 5% compared to the same quarter last year, from reduced procurement by hospitals. The same quarter last year saw a big surge in buying to meet emergency pandemic needs, which has now tapered off. The lower selling price of products due to price controls and competition has impacted margin, reflected in a loss before tax of RM1.3m.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Individual Quarter Ended 1Q 2021	Individual Quarter Ended 4Q 2020	Changes	
	RM ('000)	RM ('000)	RM ('000)	%
Revenue	12,956	12,706	250	2%
(Loss) before tax (LBT)	(1,291)	(9,584)	8,292	-86.5%

Compared to the previous quarter, this quarter sees a small but strategic improvement of 2% in revenue and a significant 86.5% decrease in loss. The previous quarter's result includes a provision of RM6 million impairment of trade receivables. Ignoring this factor, the result still shows a trading improvement over the previous quarter, with the hospital products distribution segment contributing positively to the Group results.

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16. COMMENTARY ON CURRENT YEAR PROSPECTS

As the surge in Covid-19 infections again indicates that the pandemic is far from over, the sales of PPE will continue to dominate the healthcare business. While elective surgeries are cautiously restarted and driving sales of other consumables, it is expected that the PPE products to still dominate hospital procurement.

The company is poised to meet this opportunity with its strong inventory and supply network of quality products needed for the containment and management of the pandemic. The next quarters will see material changes as the home dialysis business is disposed of and the company refocuses on hospital and medical equipment supply.

As the company dilutes inventory of expensively purchased PPE products with new purchases, margins are expected to improve.

17. PROFIT FORECAST

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

18. TAXATION

No tax is provided as the company incurred a loss.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Income tax	-	(12)	-	(12)
Deferred tax assets/(liabilities)	-	-	-	-
Total	-	(12)	-	(12)

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.

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21. CORPORATE PROPOSALS

There was no corporate proposal announced which remain uncompleted at the financial period ended 31 March 2021 except those mentioned in Note 10.

22. BANK BORROWINGS AND DEBT SECURITIES

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

	As at 31-Mar-21 RM ('000)	As at 31-Mar-20 RM ('000)
Current (Secured):		
Revolving Credit	-	5,000
Term Loan	1,000	2,000
	-	7,000
Non-Current (Secured):		
Term Loan	-	1,000
Total Bank Borrowings	1,000	8,000

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 or the reporting period are computed as follows:

a. **Basic**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
(Loss)/Profit attributable to ordinary equity holders of the parent (RM '000)	(1,122)	1,008	(1,122)	1,008
Weighted average number of ordinary shares in issue (Unit '000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	(0.73)	0.66	(0.73)	0.66

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b. Diluted

There were no diluted earnings per share.

25. (LOSS) / PROFIT BEFORE TAX

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	RM'000	RM'000	RM'000	RM'000
Other income	(94)	-	(94)	-
Interest income	(9)	(173)	(9)	(173)
Net foreign exchange loss/(gain)	95	(11)	95	(11)
Interest expenses	353	173	353	173

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 presented as follows:

	As at 31-Mar-2021	As at 31-Mar-2020
<u>Group's total (Accumulated losses)/Retained profits:</u>	RM'000	RM'000
Realised	(32,949)	(22,063)
Unrealised	(13,870)	(5,106)
Total Realised and unrealised	(46,819)	(27,169)
Less: Consol adjustments	43,170	37,429
(Accumulated losses) / Retained profits	(3,649)	(64,598)

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 28th May 2021.

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