

ADVENTA BERHAD
(Company No : 200301016113 (618533-M))
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 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.

ADVENTA BERHAD
 (Company No : 200301016113 (618533-M))
 (Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2023

UNAUDITED NOTES TO FINANCIAL STATEMENTS

7. TRADE AND OTHER RECEIVABLES

	As at 30-Sep-23 RM ('000)	As at 31-Dec-22 RM ('000)
Trade Receivables		
Third parties	22,781	20,291
Allowance for impairment loss	(136)	(742)
	22,645	19,549
Other Receivables		
Third and Related parties	167	2,560
Allowance for impairment loss	(125)	(2,449)
	42	111
Deposits and Prepayments	2,516	5,914
	25,203	25,574

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:

	As at 30-Sep-23 RM ('000)	As at 31-Dec-22 RM ('000)
Not past due	4,543	4,549
Past due:		
- Less than 30 days	778	1,150
- 31 to 60 days	123	2,811
- 61 to 90 days	1,023	4,642
- More than 90 days	16,314	7,139
	22,781	20,291
Less: Loss allowance		
- Collectively impaired	(136)	(136)
- Individually impaired	-	(606)
Trade Receivable net	22,645	19,549

ADVENTA BERHAD
 (Company No : 200301016113 (618533-M))
 (Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 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.

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	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
<u>Segment</u>	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Healthcare	8,561	10,883	30,176	51,802
Corporate	240	240	720	720
Elimination	(684)	(861)	(2,367)	(2,064)
Total	8,117	10,262	28,529	50,458

<u>(LBT)/PBT result</u>				
<u>Segment</u>	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Healthcare	(1,392)	(2,153)	(4,306)	(780)
Corporate	(602)	(192)	(1,078)	(386)
Elimination	-	-	-	-
Total	(1,994)	(2,345)	(5,384)	(1,166)

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 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.

ADVENTA BERHAD
(Company No : 200301016113 (618533-M))
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2023

UNAUDITED NOTES TO FINANCIAL STATEMENTS

11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 30 September 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 30 September 2023 except the following :

Capital Expenditure approved and contracted for	RM'000
– Property, Plant & Equipment	<u>18,429</u>

ADVENTA BERHAD
 (Company No : 200301016113 (618533-M))
 (Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2023

UNAUDITED NOTES TO FINANCIAL STATEMENTS

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

14. PERFORMANCE REVIEW

	Individual Quarter Ended 3Q 2023	Individual Quarter Ended 3Q 2022	Changes	Changes
	RM ('000)	RM ('000)	RM ('000)	%
Revenue	8,117	10,262	(2,145)	-21%
Profit before tax / (Loss before tax)	(1,994)	(2,345)	351	15%

Revenue for the quarter was RM2.1 million lower compared to the corresponding Q3 last year as demand from government hospitals continued to soften due to budget constraints. Lower sales revenue has resulted in a loss before tax of RM1,994k compared to a previous loss of RM2,345k in the corresponding quarter for 2022.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Reporting Quarter 3Q 2023	Previous Quarter 2Q 2023	Changes	Changes
	RM ('000)	RM ('000)	RM ('000)	%
Revenue	8,117	6,661	1,456	22%
Loss Before Tax (LBT)	(1,994)	(2,559)	565	22%

The current quarter recorded an increase in revenue of RM1.4 million compared to the previous quarter and a loss before tax of RM1,994k compared to a loss of RM2,559k in the previous quarter. The increase in revenue by 22% in this quarter is mainly contributed by higher sales of surgical instruments as there are some successful tenders obtained for the supplies to hospitals.

16. COMMENTARY ON CURRENT YEAR PROSPECTS

We remain cautiously optimistic of the long term business prospects for the company with our on-going plans to expand the product portfolio with our in-house brand and move up the value chain by re-embarking into manufacturing and current year prospects for the remaining quarter of this year is not expected to show improvement as we expect demand from hospitals is slow due to year end closing of budgets.

ADVENTA BERHAD
 (Company No : 200301016113 (618533-M))
 (Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 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

The effective tax rate is lower than the statutory rate due to losses incurred from business for tax purposes.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Income tax credit/(expense)	(1)	437	(3)	(31)
Deferred tax assets/(liabilities)	-	-	-	-
Total	(1)	437	(3)	(31)

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

On 14 July 2023, the Company announced the proposal to undertake the following :

- i) a renounceable rights issue of up to 152,785,770 new ordinary shares in Adventa ("Adventa Share(s)" or "Share(s)") ("Rights Share(s)") on the basis of 1 Rights Share for every 1 existing Adventa Share held, on an entitlement date to be determined and announced later ("Proposed Rights Issue"); and
- ii) an exemption under subparagraph 4.08(1)(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions ("Rules") to Low Chin Guan and persons acting in concert with him from the obligation to undertake a mandatory take-over offer for all the remaining Adventa Shares not already owned by them pursuant to the Proposed Rights Issue ("Proposed Exemption").

ADVENTA BERHAD
 (Company No : 200301016113 (618533-M))
 (Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2023

UNAUDITED NOTES TO FINANCIAL STATEMENTS

On 9 August 2023, Bursa Malaysia Securities Berhad (“Bursa Securities”) had approved the listing and quotation for up to 152,785,770 Rights Issue to be issued pursuant to the Proposed Rights Issue with conditions as announced on the same day to Bursa Securities.

On 15th September 2023, the shareholders of the Company approved the Proposed Rights Issue and Proposed Exemption at the EGM held on the day.

The proposed Rights Issue has over-subscription rate of 44.39% and is completed on 22nd November 2023.

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

22. BANK BORROWINGS AND DEBT SECURITIES

The total bank borrowings of the Group as of financial period ended 30 September 2023 is as below :

	As at 30-Sep-23 RM ('000)	As at 30-Sep-22 RM ('000)
Non-Current (Secured):		
Term loan	6,046	-
Current (Secured):		
Trade loan	759	541
Term loan	10,187	-
	<u>10,946</u>	<u>541</u>
Total Bank Borrowings	<u>16,992</u>	<u>541</u>

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.

ADVENTA BERHAD
 (Company No : 200301016113 (618533-M))
 (Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2023

UNAUDITED NOTES TO FINANCIAL STATEMENTS

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	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
Profit attributable to ordinary equity holders of the parent (RM '000)	(1,941)	(1,915)	(5,305)	(1,133)
Weighted average number of ordinary shares in issue (Unit '000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	(1.27)	(1.25)	(3.47)	(0.74)

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	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Other income	40	44	126	133
Interest income	14	9	34	153
Net foreign exchange loss/(gain)	(10)	(38)	13	91
Interest expenses	(406)	(377)	(1,141)	(1,078)

ADVENTA BERHAD
 (Company No : 200301016113 (618533-M))
 (Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 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 is as follows:

	As at 30-Sep-2023	As at 30-Sep-2022
	RM'000	RM'000
Group's total Retained profits:		
Realised	5,218	11,807
Unrealised	(4,313)	(362)
Total Realised and unrealised	905	11,445
Less: Consol adjustments	(752)	(1,979)
Retained profits	153	9,466

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 November 2023.

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