# ***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 2023. 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 2023.

The audited financial statements of the Group for the year ended 31 December 2023 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 2023.

1. **AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The preceding audited financial statements for the year ended 31 December 2023 were not subject to any qualification.

1. **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.

1. **CHANGES IN ESTIMATES**

There were no changes in estimates that have had a material effect on the current quarter results.

1. **DEBTS AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale, and repayments of debt and equity securities during the current quarter under review.

1. **DIVIDENDS PAID**

There was no dividend paid during the current quarter under review.

1. **INVESTMENT**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **As at** | **As at** |
|  |  | **30-Jun-24** | **31-Dec-23** |
|  |  | **RM ('000)** | **RM ('000)** |
|  |  |  |  |
| Unquoted shares at cost |  | 11,500 | 11,500 |

1. **TRADE AND OTHER RECEIVABLES**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **As at** | **As at** |
|  |  | **30-Jun-24** | **31-Dec-23** |
|  |  | **RM ('000)** | **RM ('000)** |
| **Trade Receivables** |  |  |  |
| Third parties |  | 16,895 | 10,924 |
| Allowance for impairment loss |  | (2,813) | (3,069) |
|  |  | 14,082 | 7,855 |
| **Other Receivables** |  |  |  |
| Third and Related parties |  | 1,864 | 2,153 |
|  |  | 1,864 | 2,153 |
|  |  |  |  |
| **Deposits and Prepayments** |  | 3,321 | 4,310 |
|  |  | 19,267 | 14,318 |

1. **Trade Receivables**

The Group’s normal trade credit term ranges from 30 to 90 days (2023: 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** | **As at** |
|  | **30-Jun-24** | **31-Dec-23** |
|  | **RM ('000)** | **RM ('000)** |
|  |  |  |
| Not past due | 9,587 | 4,617 |
|  |  |  |
| Past due: |  |  |
| * Less than 30 days | 1,109 | 615 |
| * 31 to 60 days | 1,866 | 577 |
| * 61 to 90 days | 137 | 400 |
| * More than 90 days | 4,196 | 4,715 |
|  | 16,895 | 10,924 |
| Less: Loss allowance |  |  |
| * Collectively impaired | (28) | (28) |
| * Individually impaired | (2,785) | (3,041) |
| Trade Receivable net | 14,082 | 7,855 |

Credit impaired.

Trade receivables are determined to be impaired at the reporting date are debts that are deemed to be difficult to collect in full or in part for respective reasons. These receivables are not secured by any collateral or credit enhancements.

1. **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:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Revenue** | **Individual Quarter Ended** | | **Cumulative Quarter Ended** | |
|  | **30-Jun-24** | **30-Jun-23** | **30-Jun-24** | **30-Jun-23** |
| **Segment** | **RM ('000)** | **RM ('000)** | **RM ('000)** | **RM ('000)** |
| Healthcare | 12,808 | 7,187 | 26,838 | 21,615 |
| Corporate | 210 | 240 | 420 | 480 |
| Elimination | (670) | (766) | (1,407) | (1,683) |
| **Total** | **12,348** | **6,661** | **25,851** | **20,412** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **(LBT)/PBT result** | **Individual Quarter Ended** | | **Cumulative Quarter Ended** | |
|  | **30-Jun-24** | **30-Jun-23** | **30-Jun-24** | **30-Jun-23** |
| **Segment** | **RM ('000)** | **RM ('000)** | **RM ('000)** | **RM ('000)** |
| Healthcare | 890 | (2,279) | 1,535 | (2,914) |
| Corporate | (545) | (280) | (889) | (476) |
| Elimination | - | - | - | - |
| **Total** | **345** | **(2,559)** | **646** | **(3,390)** |

1. **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.

1. **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.

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

There were no changes in the composition of the Group during the financial period ended 30

June 2024 and subsequent to financial period.

1. **CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets for the Group for the current quarter under review.

1. **CAPITAL COMMITMENTS**

The capital commitments at the financial period ended 30 June 2024 is as follows:

Capital Expenditure approved and contracted for RM (‘000)

- Property, plant and equipment for the manufacturing facility 10,044

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

1. **PERFORMANCE REVIEW**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Individual Quarter Ended**  **2Q 2024** | **Individual Quarter Ended**  **2Q 2023** | **Changes** | **Changes** |
|  | **RM ('000)** | **RM ('000)** | **RM (‘000)** | **%** |
| Revenue | 12,348 | 6,661 | 5,687 | 85% |
| Profit before tax/ (Loss before tax) | 345 | (2,559) | 2,904 | 113% |

The revenue increased a significant 85% in this period compared to the same period, Q2 FY 2023. The profit before tax for this quarter improved significantly from a loss of RM2.56m in Q2 FY2023 to a profit of RM345k in this reporting quarter, marking a positive change of RM2.9m (an improvement of 113%).

These improvements are attributed to the realignment of business strategies, resulting in better operational efficiency and cost reductions.

1. **COMPARISON WITH PRECEDING QUARTER’S RESULTS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Reporting Quarter**  **2Q 2024** | **Previous Quarter**  **1Q 2024** | **Changes** | **Changes** |
|  | **RM ('000)** | **RM ('000)** | **RM (‘000)** | **%** |
| Revenue | 12,348 | 13,503 | (1,155) | -8% |
| Profit before tax/ (Loss before tax) | 345 | 301 | 44 | 15% |

The revenue for Q2 FY2024 decreased by RM 1.1 million compared to Q1 FY2024, representing an 8% dip. However profit before tax was maintained with a small increase of 15% from RM301k in Q1 FY2024 to RM345k in Q2 FY2024.

1. **COMMENTARY ON CURRENT YEAR PROSPECTS**

We see a stronger performance for the first half of 2024 compared to last year. Sales increased 26.6% from RM20.4m to RM25.8m in the 6 months of 2024.

The increase reflects a resilient sales revenue driven by the ongoing implementation of new strategies.

The company saw an encouraging turnaround in profitability. In the first half of FY2024, we achieved a profit before tax of 646k, compared to a loss of RM3.3 million in the first half of FY2023. This positive shift sustained over 2 quarters, affirms the direction of our business models adopted.

Looking ahead, the prospects of achieving a transformation for the current year appear promising. The management is cautiously optimistic of improving further the performance from the growing demand for our new products this year despite a sluggish market.

1. **UTILISATION OF PROCEEDS**

The gross proceeds arising from the Issuance of Rights Issue of RM38.19 million are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Details of Utilisation | Expected utilization time frame | Proposed Utilisation | Actual Utilisation | Remaining balance |
|  |  | RM ('000) | RM ('000) | RM ('000) |
| Business Expansion | Within 24 months | 20,605 | 12,143 | 8,462 |
| Working Capital | Within 18 months | 8,182 | 7,601 | 581 |
| Repayment of bank borrowings | Within 6 months | 8,755 | 8,755 | NIL |
| Estimated Expenses | Upon completion | 654 | 654 | NIL |
| Total |  | **38,196** | **29,153** | **9,043** |

1. **PROFIT FORECAST**

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

forecast.

1. **TAXATION**

The effective tax rate is lower the statutory rate due to availability of tax losses brought forward to set off with the taxable income.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Individual Quarter Ended** | | **Cumulative Quarter Ended** | |
|  | **30-Jun-24** | **30-Jun-23** | **30-Jun-24** | **30-Jun-23** |
|  | **RM ('000)** | **RM ('000)** | **RM ('000)** | **RM ('000)** |
| Income tax expense | (6) | (2) | (6) | (2) |

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

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

1. **MARKETABLE SECURITIES**

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

1. **CORPORATE PROPOSALS**

There was no corporate proposal announced which remains uncompleted at the financial period ended 30 June 2024.

1. **BANK BORROWINGS AND DEBT SECURITIES**

The total bank borrowings of the Group as of financial period ended 30 June 2024 is as below:

|  |  |  |
| --- | --- | --- |
|  | **As at**  **30-Jun-24** | **As at**  **31-Dec-23** |
|  | **RM ('000)** | **RM ('000)** |
| **Non-Current (Secured):** |  |  |
| Term loan | - | 5,670 |
|  |  |  |
| **Current (Secured):** |  |  |
| Trade loan | 3,673 | 606 |
| Term loan | - | 1,461 |
| Total Bank Borrowings | 3,673 | 7,737 |

1. **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.

1. **EARNINGS PER SHARE**

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

1. **Basic**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Individual Quarter Ended** | | **Cumulative Quarter Ended** | |
|  | **30-Jun-24** | **30-Jun-23** | **30-Jun-24** | **30-Jun-23** |
| Profit attributable to ordinary equity holders of the parent (RM ‘000) | 342 | (2,539) | 646 | (3,364) |
| Weighted average number of ordinary shares in issue  (Unit ‘000) | 305,572 | 152,786 | 305,572 | 152,786 |
| Basic earnings per share (sen) | 0.11 | (1.66) | 0.21 | (2.20) |

1. **Diluted**

There were no diluted earnings per share.

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

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Individual Quarter Ended** | | **Cumulative Quarter Ended** | |
|  | **30-Jun-24** | **30-Jun-23** | **30-Jun-24** | **30-Jun-23** |
|  | **RM’000** | **RM’000** | **RM’000** | **RM’000** |
| Other income | (230) | (39) | (460) | (860) |
| Interest income | (32) | (10) | (211) | (21) |
| Loss on disposal of investment | 6 | - | 6 | - |
| Net foreign exchange loss/(gain) | (39) | (14) | (69) | 23 |
| Interest expenses | 46 | 413 | 242 | 735 |

1. **REALISED AND UNREALISED PROFITS/LOSSES**

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

|  |  |  |
| --- | --- | --- |
|  | **As at**  **30-Jun-2024** | **As at**  **30-Jun-2023** |
| **Group’s total Retained profits:** | **RM’000** | **RM’000** |
| Realised | 853 | 7,227 |
| Unrealised | (2,822) | (4,328) |
| **Total Realised and unrealised** | **(1,969)** | **2,899** |
| Less: Consol adjustments | (1,003) | (805) |
| **(Accumulated losses)/ Retained profits** | **(2,972)** | **2,094** |

1. **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 26th August 2024.

**By Order of the Board**

**Adventa Berhad**

##### CHUA SIEW CHUAN

Company Secretary MAICSA 0777689