

ADVENTA BERHAD
(Company No : 200301016113 (618533-M))
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2024

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 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 computation 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.

2. 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.

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. INVESTMENT

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

8. TRADE AND OTHER RECEIVABLES

	As at 30-Sep-24 RM ('000)	As at 31-Dec-23 RM ('000)
Trade Receivables		
Third parties	18,511	10,924
Allowance for impairment loss	(2,078)	(3,069)
	<u>16,433</u>	<u>7,855</u>
Other Receivables		
Third and Related parties	2,518	2,153
	<u>2,518</u>	<u>2,153</u>
Deposits and Prepayments	3,178	4,310
	<u>22,129</u>	<u>14,318</u>

a) 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:

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	As at 30-Sep-24 RM ('000)	As at 31-Dec-23 RM ('000)
Not past due	11,228	4,617
Past due:		
- Less than 30 days	1,036	615
- 31 to 60 days	479	577
- 61 to 90 days	2,456	400
- More than 90 days	3,312	4,715
	18,511	10,924
Less: Loss allowance		
- Collectively impaired	(28)	(28)
- Individually impaired	(2,050)	(3,041)
Trade Receivable net	16,433	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.

9. 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-24	30-Sep-23	30-Sep-24	30-Sep-23
<u>Segment</u>	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Healthcare	15,928	8,561	42,767	30,176
Corporate	210	240	630	720
Elimination	(719)	(684)	(2,127)	(2,367)
Total	15,419	8,117	41,270	28,529

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<u>(LBT)/PBT result</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	30-Sep-24	30-Sep-23	30-Sep-24	30-Sep-23
<u>Segment</u>	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Healthcare	1,345	(1,392)	2,879	(4,306)
Corporate	(683)	(602)	(1,571)	(1,078)
Elimination	-	-	-	-
Total	662	(1,994)	1,308	(5,384)

10. 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.

11. 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.

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 30 Septemeber 2024 and subsequent to financial period except the following :

- i) On 30 April 2024, Adventa Berhad disposed of 100% equity interest of Nextech Med Pte Ltd, a dormant company for cash consideration of USD2.00. The company ceased to be the subsidiary of Adventa Berhad since the date of disposal.
- ii) On 23rd October 2024, PTM Progress Trading & Marketing Sdn Bhd , a subsidiary of the Group incorporated Wenda International Limited with 90% equity interest for a total invested amount of CNY270,000.00 as paid up capital. The company became a sub-subsidiary of the Group since the date of incorporation.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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14. CAPITAL COMMITMENTS

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

Capital Expenditure approved and contracted for	RM ('000)
- Property, plant and equipment for the manufacturing facility	<u>5,146</u>

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

15. PERFORMANCE REVIEW

	Individual Quarter Ended 3Q 2024	Individual Quarter Ended 3Q 2023	Changes	Changes
	RM ('000)	RM ('000)	RM ('000)	%
Revenue	15,419	8,117	7,302	90%
Profit before tax/ (Loss before tax)	662	(1,994)	2,656	133%

The revenue increased significantly by 90% in Q3 FY2024 compared to the same period in Q3 FY2023, showing growth of RM 7.3 million. The profit before tax improved from a loss of RM1.99 million in Q3 FY2023 to a profit of RM662k in Q3 FY2024, marking a positive change of RM2.66 million (an improvement of 133%).

The realignment of business strategies and improvement in operational efficiency continue to show better results.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Reporting Quarter 3Q 2024	Previous Quarter 2Q 2024	Changes	Changes
	RM ('000)	RM ('000)	RM ('000)	%
Revenue	15,419	12,348	3,071	25%
Profit before tax/ (Loss before tax)	662	345	317	92%

The revenue for Q3 FY2024 increased by RM 3 million compared to Q2 FY2024, representing a 25% growth. Similarly, profit before tax saw a significant increase of 92%, rising from RM 345k in Q2 FY2024 to RM 662k in Q3 FY2024.

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17. COMMENTARY ON CURRENT YEAR PROSPECTS

We continued to see a stronger performance in the third quarter of 2024 compared to last year. Sales increased 45% from RM28.5m to RM41.3m in the 9 months of 2024. Operating profit of 9 months for the current distribution business before pre-operational expenses on new project has turned from a loss of RM3.7m last year to a profit of RM2.7m, a remarkable improvement of RM6.4m.

This improvement reinforce the company's confidence in its growth trajectory and will continue to enhance the operational efficiency and cost saving to continue the positive trends.

18. 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	20,605	NIL
Working Capital	Within 18 months	8,182	8,182	NIL
Repayment of bank borrowings	Within 6 months	8,755	8,755	NIL
Estimated Expenses	Upon completion	654	654	NIL
Total		38,196	38,196	NIL

19. PROFIT FORECAST

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

20. TAXATION

The effective tax rate is lower than 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-Sep-24	30-Sep-23	30-Sep-24	30-Sep-23
	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Income tax expense	(4)	(1)	(10)	(3)

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21. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

22. MARKETABLE SECURITIES

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

23. CORPORATE PROPOSALS

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

24. BANK BORROWINGS AND DEBT SECURITIES

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

	As at 30-Sep-24 RM ('000)	As at 31-Dec-23 RM ('000)
Non-Current (Secured):		
Term loan	-	5,670
Current (Secured):		
Trade loan	7,189	606
Term loan	-	1,461
Total Bank Borrowings	7,189	7,737

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25. 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.

26. 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-24	30-Sep-23	30-Sep-24	30-Sep-23
Profit attributable to ordinary equity holders of the parent (RM '000)	662	(1,941)	1,308	(5,384)
Weighted average number of ordinary shares in issue (Unit '000)	305,572	152,786	305,572	152,786
Basic earnings per share (sen)	0.22	(1.27)	0.43	(3.52)

b. **Diluted**

There were no diluted earnings per share.

27. PROFIT / (LOSS) BEFORE TAX

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	30-Sep-24	30-Sep-23	30-Sep-24	30-Sep-23
	RM'000	RM'000	RM'000	RM'000
Other income	(230)	(40)	(690)	(126)
Interest income	(14)	(14)	(225)	(34)
Loss on disposal of investment	-	-	6	-
Net foreign exchange loss/(gain)	(105)	(10)	(174)	13
Interest expenses	83	406	326	1,141



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28. 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-Sep-2024	As at 30-Sep-2023
<u>Group's total Retained profits:</u>	RM'000	RM'000
Realised	757	5,218
Unrealised	(2,068)	(4,313)
Total Realised and unrealised	(1,311)	905
Less: Consol adjustments	(998)	(752)
(Accumulated losses)/ Retained profits	(2,309)	153

29. 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 29th November 2024.

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