



ADVENTA BERHAD

(Company No : 200301016113 (618533-M))

(Incorporated in Malaysia)

SECOND QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual period		Cumulative period	
		Current Year Quarter 30-Jun-2024 RM'000	Preceding Year Corresponding Quarter 30-Jun-2023 RM'000	Current Year to date 30-Jun-2024 RM'000	Preceding Year Corresponding Period 30-Jun-2023 RM'000
Revenue	9	12,348	6,661	25,851	20,412
Operating expenses		(12,252)	(8,870)	(25,696)	(23,150)
Net foreign exchange gain/(loss)	27	39	14	69	(23)
Other income	27	256	49	665	106
Operating profit/(loss)		391	(2,146)	889	(2,655)
Finance costs	27	(46)	(413)	(243)	(735)
Profit/(loss) before taxation	9	345	(2,559)	646	(3,390)
Income tax expense	20	(6)	(2)	(6)	(2)
Profit/(loss) for the period		339	(2,561)	640	(3,392)
Profit attributable to:					
Owners of the parent	26	342	(2,539)	646	(3,364)
Non-controlling interests		(3)	(22)	(6)	(28)
Profit/(loss) for the period		339	(2,561)	640	(3,392)
Earnings/(losses) per share (sen):					
Basic	26	0.11	(1.66)	0.21	(2.20)
Diluted		N/A	N/A	N/A	N/A
Number of ordinary shares ('000)	26	305,572	152,786	305,572	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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SECOND QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual period		Cumulative period	
	Current Year Quarter 30-Jun-2024 RM'000	Preceding Year Corresponding Quarter 30-Jun-2023 RM'000	Current Year Quarter 30-Jun-2024 RM'000	Preceding Year Corresponding Quarter 30-Jun-2023 RM'000
Profit/(loss) for the period	339	(2,561)	640	(3,392)
Other comprehensive income:				
Foreign currency translation	845	1,095	1,180	1,983
Total comprehensive income for the period	<u>1,184</u>	<u>(1,466)</u>	<u>1,820</u>	<u>(1,409)</u>
Total comprehensive income attributable to:				
Owners of the parent	342	(2,539)	646	(3,364)
Non-controlling interests	842	1,073	1,174	1,955
Total comprehensive income for the period	<u>1,184</u>	<u>(1,466)</u>	<u>1,820</u>	<u>(1,409)</u>

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SECOND QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		Unaudited	Audited
		As at	As at
	Note	30-Jun-2024	31-Dec-2023
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant & equipment		48,447	29,840
Deferred development cost		233	-
Intangible assets		55	55
Investment	7	11,500	11,500
Deferred tax assets		1,535	1,535
		<u>61,770</u>	<u>42,930</u>
Current assets			
Inventories		13,787	12,405
Trade and other receivables	8	19,267	14,318
Tax recoverable		591	628
Cash and bank balances		14,111	34,113
		<u>47,756</u>	<u>61,464</u>
TOTAL ASSETS		<u><u>109,526</u></u>	<u><u>104,394</u></u>

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 As at 30-Jun-2024 RM'000	Audited As at 31-Dec-2023 RM'000
EQUITY AND LIABILITIES		
Non-Current liabilities		
Bank borrowings	24 <u>-</u>	<u>5,670</u>
Current liabilities		
Trade payables and other payables	12,106	4,730
Bank borrowings	24 <u>3,673</u>	<u>2,067</u>
	<u>15,779</u>	<u>6,797</u>
Total liabilities	<u>15,779</u>	<u>12,467</u>
Equity		
Share capital	95,192	95,192
Foreign exchange reserve	1,493	329
Retained earnings	<u>(2,972)</u>	<u>(3,618)</u>
Equity attributable to owners of the parent	93,713	91,903
Non-controlling interests	<u>34</u>	<u>24</u>
Total equity	<u>93,747</u>	<u>91,927</u>
TOTAL EQUITY AND LIABILITIES	<u>109,526</u>	<u>104,394</u>
Net assets per share (RM)	<u>0.31</u>	<u>0.30</u>

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SECOND QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Non-distributable</u>		<u>Distributable</u>		Non-controlling interests	Total equity
	Share capital	Foreign exchange reserve	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period ended 31 December 2023</u>						
At 1 January 2023	57,680	(154)	5,458	62,984	(13)	62,971
Additional share capital	37,512	-	-	37,512	-	37,512
Profit for the financial period	-	-	(9,076)	(9,076)	(82)	(9,158)
Other comprehensive income						
Foreign currency translation differences for foreign operations, representing total other comprehensive income	-	483	-	483	119	602
Total comprehensive income	-	483	-	483	119	602
At 31 December 2023	<u>95,192</u>	<u>329</u>	<u>(3,618)</u>	<u>91,903</u>	<u>24</u>	<u>91,927</u>
<u>Period ended 30 June 2024</u>						
At 1 January 2024	95,192	329	(3,618)	91,903	24	91,927
Profit for the financial period	-	-	646	646	(6)	640
Other comprehensive income						
Foreign currency translation differences for foreign operations, representing total other comprehensive income	-	1,164	-	1,164	16	1,180
Total comprehensive income	-	1,164	-	1,164	16	1,180
At 30 June 2024	<u>95,192</u>	<u>1,493</u>	<u>(2,972)</u>	<u>93,713</u>	<u>34</u>	<u>93,747</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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SECOND QUARTER REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Period to Date Ended 30-Jun-2024 RM'000	Corresponding Period to Date Ended 30-Jun-2023 RM'000
Cash flows from operating activities		
Profit/(loss) before tax	646	(3,390)
Adjustments for:		
Depreciation of property, plant and equipment	509	331
Recovery of impairment on trade and other receivables	(256)	-
Inventories written off	-	204
Interest expense	242	735
Interest income	(211)	(21)
Operating profit/(loss) before working capital changes	930	(2,141)
(Increase)/decrease in inventories	(1,381)	4,185
Increase in receivables	(4,907)	(13,406)
Increase/(decrease) in payables	7,778	(5,043)
Cash from/(used in) operations	2,420	(16,405)
Taxes refund/(paid)	30	(28)
Net cash from/(used in) operating activities	2,450	(16,433)

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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UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Year to Date Ended 30-Jun-2024 Unaudited RM'000	Corresponding Year to Date Ended 30-Jun-2023 Audited RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,133)	(5)
Proceed from disposal of plant and equipment	8	1,221
Investments in deferred development cost	(233)	-
Acquisition of subsidiaries	-	(142)
Interest received	211	21
Net cash (used in)/from investing activities	(19,147)	1,095
Cash flows from financing activities		
Net (decrease)/increase in borrowings	(4,064)	8,883
Interest paid	(242)	(735)
Net cash (used in)/from financing activities	(4,306)	8,148
Net decrease in cash and cash equivalents	(21,003)	(7,190)
Effects of foreign exchange rate changes	1,001	2,027
Cash and cash equivalents at beginning of financial period	34,113	10,945
Cash and cash equivalents at end of financial period	14,111	5,782
Cash and cash equivalents at end of financial period comprise:		
- Cash and bank balances	14,111	5,782

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

ADVENTA BERHAD
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SECOND QUARTER REPORT ENDED 30 JUNE 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 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.

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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UNAUDITED NOTES TO FINANCIAL STATEMENTS

7. INVESTMENT

	As at 30-Jun-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-Jun-24 RM ('000)	As at 31-Dec-23 RM ('000)
Trade Receivables		
Third parties	16,895	10,924
Allowance for impairment loss	(2,813)	(3,069)
	<u>14,082</u>	<u>7,855</u>
Other Receivables		
Third and Related parties	1,864	2,153
	<u>1,864</u>	<u>2,153</u>
Deposits and Prepayments	<u>3,321</u>	<u>4,310</u>
	<u>19,267</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	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
	<hr/>	<hr/>
	16,895	10,924
Less: Loss allowance		
- Collectively impaired	(28)	(28)
- Individually impaired	(2,785)	(3,041)
Trade Receivable net	<hr/>	<hr/>
	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.

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-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
<u>Segment</u>	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	<hr/>	<hr/>	<hr/>	<hr/>
	12,348	6,661	25,851	20,412

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<u>(LBT)/PBT result</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
<u>Segment</u>	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)

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 June 2024 and subsequent to financial period.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

14. 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	<u>10,044</u>

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UNAUDITED NOTES TO FINANCIAL STATEMENTS

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

15. 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.

16. 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.

17. 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.

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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.

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	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

19. PROFIT FORECAST

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

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20. 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)

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 June 2024.

24. 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 RM ('000)	As at 31-Dec-23 RM ('000)
Non-Current (Secured):		
Term loan	-	5,670
Current (Secured):		
Trade loan	3,673	606
Term loan	-	1,461
Total Bank Borrowings	<u>3,673</u>	<u>7,737</u>

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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 for the reporting period are computed as follows:

a. **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)

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-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

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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-Jun-2024	As at 30-Jun-2023
<u>Group's total Retained profits:</u>	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

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 26th August 2024.

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