



**ADVENTA BERHAD**  
(Company No : 618533-M)  
(Incorporated in Malaysia)  
**SECOND QUARTER REPORT ENDED 30 APRIL 2014**  
**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 October 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transaction that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 October 2013.

The audited financial statements of the Group for the year ended 31 October 2013 were prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”). The significant accounting policies and method of computations adopted in preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 October 2013.

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

The preceding audited financial statements for the year ended 31 October 2013 were not subject to any qualification.

**3. COMMENTS ABOUT SEASONAL, CYCLICAL AND EXCEPTIONAL FACTORS**

There were neither cyclical events that had an impact of significance nor any exceptional factors that influenced the businesses.

**4. 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 financial period ended 30 April 2014.



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**5. CHANGES IN ESTIMATES**

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

**6. DEBTS AND EQUITY SECURITIES**

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

**7. DIVIDENDS PAID**

There were no dividends paid during the current quarter.



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**8. SEGMENTAL INFORMATION**

	Individual period		Cumulative period	
	Current year quarter 30.04.2014 RM'000	Preceding year corresponding quarter 30.04.2013 RM'000	Current year 30.04.2014 RM'000	Preceding year corresponding year 30.04.2013 RM'000
<b><u>Segment Revenue</u></b>				
<b>Continuing operations:</b>				
Healthcare products	3,782	8,261	8,186	10,054
Sterilisation provider	2,119	2,616	4,820	4,810
Corporate	198	-	396	-
Elimination of inter-segment sales	(198)	-	(396)	(434)
	5,901	10,877	13,006	14,430
<b>Discontinued operations:</b>				
Healthcare products	-	-	-	63,202
Energy provider	-	-	-	1,584
Corporate	-	-	-	-
Total revenue including inter-segment sales	-	-	-	64,786
Elimination of inter-segment sales	-	-	-	(27,266)
	-	-	-	37,520
<b><u>Segment Results</u></b>				
<b>Continuing operations:</b>				
Healthcare products	310	887	656	926
Sterilisation provider	713	1,298	2,388	1,737
Corporate	(116)	17	(140)	196,062
Elimination	-	-	-	-
	907	2,202	2,904	198,725
<b>Discontinued operations:</b>				
Healthcare products	-	-	-	2,434
Energy provider	-	-	-	153
Corporate	-	-	-	(375)
Elimination	-	-	-	(33)
	-	-	-	2,179



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**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 AND SUBSEQUENT EVENTS**

There were no material subsequent events announced from previous quarter except the following:

- a) On 20 February 2014, the Board announced that the Company was uplifted from being classified as an “Affected Listed Issuer” pursuant to paragraph 2.1(g) of Practice Note 17 (“PN 17”) with effective from 21 February 2014.

**11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**12. CAPITAL COMMITMENTS**

The amount of commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 30 April 2014 is as follows:

Approved and contracted for	<b>RM'000</b> <hr style="width: 100%; border: 0.5px solid black;"/> 263
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**PART B – ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF  
 BURSA MALAYSIA LISTING REQUIREMENTS**

**13. PERFORMANCE REVIEW**

	Individual period			Cumulative period		
	Current year	Preceding year	Variance	Current year	Preceding year	Variance
	quarter	corresponding quarter		quarter	corresponding quarter	
	30.04.2014	30.04.2013		30.04.2014	30.04.2013	
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Continuing operations</b>						
Revenue	5,901	10,877	(46)	13,006	14,430	(10)
PBT	829	2,045	(59)	2,697	3,099*	(13)

Group revenue in Q2 2014 decreased by 46% to RM5.9mil from RM10.9mil in the same quarter last year. The decrease was due to the decrease from both the healthcare products and sterilisation provider segments.

The Group reported a profit before tax of RM0.8mil in Q2 2014, representing a 59% drop from RM2.0mil in the same quarter last year.

Healthcare products:

Revenue dropped by 54% to RM3.8mil in Q2 2014 compared with RM8.3mil in the preceding quarter last year. The decrease is due to the deferral of customer orders to the following quarters.

The segment posted a decrease in profit before tax in Q2 2014 of RM0.3mil compared to RM0.9mil in the same quarter last year mainly attribute to the drop in revenue.

Sterilisation provider:

Revenue drop by 19% to RM2.1mil in Q2 2014 compared with RM2.6mil in the preceding quarter last year. The decrease is due to the maintenance works performed on the sterilization equipment for the purpose of improving performance to cater for the increasing demand.

Arising from the maintenance works, the segment posted a decrease in profit before tax in Q2 2014 of RM0.6mil compared to RM1.2mil in the same quarter last year

\* Profit before tax excludes gain on disposal of investment in subsidiaries.



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**14. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

	<b>2<sup>nd</sup> Quarter ended 30 April 2014 RM'000</b>	<b>1<sup>st</sup> Quarter ended 31 January 2014 RM'000</b>	<b>Variance %</b>
<b>Continuing operations</b>			
Revenue	5,901	7,105	(17)
PBT	829	1,868	(56)

As compared to Q1 2014, Group Q2 2014 revenue and profit before tax decreased by 17% and 56% respectively.

The lower revenue and profit before tax recorded for Q2 2014 was mainly due to lower contribution from both the healthcare products and sterilisation provider segment.

**15. COMMENTARY ON CURRENT YEAR PROSPECTS**

The sterilisation business is growing healthily with higher than expected throughput rate in the quarter. Other than the planned stoppage, the business is growing from the inflow of new overseas irradiation demands. Domestic demand increased as expected from current customer base.

The hospital supplies logistics and distribution subsidiary has added agencies and secured new distribution revenues to the public and private hospitals. This should grow steadily with more products and vendors contracted. We continue to expect strong momentum from this business, enhanced by the rollout of more services program.

A new logistics centre capable of handling 4 times more volume than current warehouse is being built and completion is expected in Nov 2014. With modern and sophisticated storage and picking systems, this warehouse will enable enhanced delivery at lower cost. This centre is designed to store and manage pharmaceutical products.

The ongoing trials with the Home Dialysis service has been expanded to 7 trial locations nationally, reaching out to different regions and access conditions to fully stress test and prove system competency. As the company places patient care above all other priorities, the trial expansion, although delaying completion by three



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months, will provide clear evidence of system functionality and superiority in all areas and regions of the country. Commercial introduction to the market is now deferred to be in Q1 2015 (Oct 2014-Jan 2015), missing the estimated date of Q4 as announced.

**16. PROFIT FORECAST**

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

**17. TAXATION**

	<b>Individual period</b>		<b>Cumulative period</b>	
	<b>Current year quarter 30.04.2014 RM'000</b>	<b>Preceding year corresponding quarter 30.04.2013 RM'000</b>	<b>Current year quarter 30.04.2014 RM'000</b>	<b>Preceding year corresponding quarter 30.04.2013 RM'000</b>
<b>Continuing operations:</b>				
Income tax	(157)	(3)	(258)	(3)
Deferred tax	(273)	(382)	(637)	(350)
	(430)	(385)	(895)	(353)
<b>Discontinued operations:</b>				
Income tax	-	-	-	-
Deferred tax	-	-	-	-
	-	-	-	-
	(430)	(385)	(895)	(353)

The effective tax rate of the Group is lower than statutory tax rate due to availability of capital allowances and investment tax allowances to set off with adjusted business income.



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**18. DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE**

**Statement of comprehensive income disclosures**

The results of discontinued operation and disposal group classified as held for sale for the year ended 30 April 2014 are as follows:

	Individual period		Cumulative period	
	Current year quarter 30.04.2014 RM'000	Preceding year corresponding quarter 30.04.2013 RM'000	Current year quarter 30.04.2014 RM'000	Preceding year corresponding quarter 30.04.2013 RM'000
Revenue (Note 8)	-	-	-	37,520
Expenses	-	-	-	(35,341)
Profit from operations (Note 8)	-	-	-	2,179
Finance costs	-	-	-	(875)
Profit before taxation	-	-	-	1,304
Income tax expenses (Note 17)	-	-	-	-
Profit after taxation	-	-	-	1,304

**Statement of cash flow disclosures**

The cash flows attributable to discontinued operations as follows:

	30.04.2014 RM'000	30.04.2013 RM'000
Operating activities	-	194,059
Investing activities	-	(13,050)
Financing activities	-	(200,163)
Net cash outflows	-	(19,154)

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

There was no sale of unquoted investments and properties during the financial period under review.





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**20. MARKETABLE SECURITIES**

There was no purchase or disposal of marketable securities during the financial period ended under review.

**21. CORPORATE PROPOSALS**

**Status of Corporate Proposals**

There were no corporate proposals announced which remain uncompleted at the end of the financial period ended 31 October 2013.

**Status of Utilisation of Proceeds**

The total gross proceeds of RM61.11 million from Proposed Disposal (after the Proposed Distribution) shall be utilised in the following manner:

<b>Purpose</b>	<b>Estimated time frame for utilisation from completion of the Proposed Disposal</b>	<b>Amount RM'000</b>	<b>Amount utilised as at 30.04.2014 RM'000</b>	<b>Balance not utilised as at 30.04.2014 RM'000</b>
Payment for the purchase consideration of acquisition of Electron Beam Sdn. Bhd.	Within 1 month	9,000	9,000	-
Working capital for Sun Healthcare (M) Sdn. Bhd.	Within 12 months	12,000	12,000	-
Working capital for Electron Beam Sdn. Bhd.	Within 12 months	5,000	5,000	-
Working capital for Lucenxia (M) Sdn. Bhd.	Within 24 months	20,000	20,000	-
Future business expansion opportunities	Within 24 months	12,614	536	12,078
Estimated expenses in relation to the Proposals	Within 1 month	2,500	2,500	-
		61,114	49,036	12,078



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**22. BORROWINGS AND DEBT SECURITIES**

	<b>As at 30.04.2014 RM'000</b>	<b>As at 31.10.2013 RM'000</b>
<b>Secured:</b>		
Short Term Borrowings	4,533	5,429
Long Term Borrowings	4,156	5,865
Total Borrowings	<u>8,689</u>	<u>11,294</u>

**23. CHANGES IN MATERIAL LITIGATION**

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

**24. DIVIDEND PAYABLE**

No interim ordinary dividend has been declared for the financial period ended 30 April 2014.



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**25. EARNINGS PER SHARE**

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

**a) Basis**

	Individual period		Cumulative period	
	Current year quarter <b>30.04.2014</b>	Preceding year corresponding quarter <b>30.04.2013</b>	Current year quarter <b>30.04.2014</b>	Preceding year corresponding quarter <b>30.04.2013</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	399	1,660	1,802	199,354
Less : Profit from continuing operations, net of tax, attributable to owners of the parent (RM'000)	399	1,660	1,802	198,050
Profit net of tax from discontinued operations attributable to owners of the parent (RM'000)	-	-	-	1,304
Weighted average number of Ordinary shares in issue ('000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	0.26	1.09	1.18	130.48
Basic earnings per share from continuing operations (sen)	0.26	1.09	1.18	129.63
Basic earnings per share from discontinued operations (sen)	-	-	-	0.85

**b) Diluted**

There were no diluted earnings per share.



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**26. PROFIT BEFORE TAX**

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

	<b>Individual period 30.04.2014 RM'000</b>	<b>Cumulative period 30.04.2014 RM'000</b>
<b>Continuing Operations</b>		
Interest income	(101)	(240)
Other income	(8)	(19)
Interest expenses	112	241
Fair value gain on derivative	(34)	(34)
Depreciation of property, plant and equipment	317	619
Net foreign exchange gain	(50)	(48)
Property, plant and equipment written off	-	163

**27. REALISED AND UNREALISED PROFITS**

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

	<b>As at 30.04.2014 RM'000</b>	<b>As at 30.04.2013 RM'000</b>
<b>Group's total retained profits:</b>		
Realised	14,458	1,502
Unrealised	4,448	5,760
	<hr/> 18,906	<hr/> 7,262
Less: Consolidation adjustments	2,540	916
Retained profits as per financial statements	<hr/> 16,366	<hr/> 6,346

**28. AUTHORISED FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 June 2014.

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