



ADVENTA BERHAD
(Company No : 618533-M)
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 31 OCTOBER 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 31 October 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 31.10.2014 RM'000	Preceding year corresponding quarter 31.10.2013 RM'000	Current year 31.10.2014 RM'000	Preceding corresponding year 31.10.2013 RM'000
<u>Segment Revenue</u>				
Continuing operations:				
Healthcare products	7,925	2,141	23,198	17,390
Sterilisation provider	3,836	3,034	11,660	9,920
Corporate	198	786	792	792
Elimination of inter-segment sales	(259)	(292)	(853)	(726)
	11,700	5,669	34,797	27,376
Discontinued operations:				
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
<u>Segment Results</u>				
Continuing operations:				
Healthcare products	(409)	587	533	1,479
Sterilisation provider	2,604	1,560	7,065	5,055
Corporate	1,158	(578)	709	77,089
Elimination	(1,235)	-	(1,235)	-
	2,118	1,569	7,072	83,623
Discontinued operations:				
Healthcare products	-	-	-	2,434
Energy provider	-	-	-	153
Corporate	-	-	-	(1,095)
Elimination	-	-	-	(33)
	-	-	-	1,459



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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 12 December 2014, the Board announced that the actual value of the RRPT transacted with the following related party pursuant to the existing shareholders' mandate obtained on 24 April 2014, has exceeded the estimated value of the RRPT as disclosed in the Circular to Shareholders dated 2 April 2014 ("Circular") by more than ten percent (10%).

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 31 October 2014 is as follows:

	RM'000
Approved and contracted for	<u>4,929</u>



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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 quarter	Preceding year corresponding quarter	Variance %	Current year quarter	Preceding year corresponding quarter	Variance %
	31.10.2014 RM'000	31.10.2013 RM'000		31.10.2014 RM'000	31.10.2013 RM'000	
Continuing operations						
Revenue	11,700	5,669	106	34,797	27,376	27
PBT	2,025	1,404	44	6,672	7,256*	(8)

Group revenue in Q4 2014 increased by 106% to RM11.7mil from RM5.7mil in the same quarter last year. The increase came from improving performance in the hospital supplies and sterilisation. Both segments showed sustained growth.

The Group posted a profit before tax of RM2.0mil in Q4 2014, an increase by 44% from RM1.4mil in the same period last year. This result includes higher expenditure in the Home Dialysis business where trials are still going on.

Healthcare products:

Sales generated expanded more than 100% to RM7.9mil in Q4 2014 compared with RM2.1mil in the same quarter last year, significantly from supplies contracts and overseas sales. Contribution from some of the new products added in the last half year started to improve. Continuous growth in revenues of new products is expected. To drive these introductions, the company spent more in promotional activities like nationwide conferences and exhibition especially in the Cardiology and Surgical field. These costs added to higher marketing expenditure

Sterilisation provider:

Revenue rose solidly by 26% to RM3.9mil in Q4 2014 compared with RM3.0mil in the preceding quarter last year, partly from improvement efficiency and higher volume. Overall profit improved by 33% in this financial year compared to last financial year.

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



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14. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	3rd Quarter ended 31 October 2014 RM'000	3rd Quarter ended 31 July 2014 RM'000	Variance %
Continuing operations			
Revenue	11,700	10,091	16
PBT	2,025	1,950	4

Group Q4 2014 revenue and profit before tax increased by 16% and 4% over preceding quarter respectively.

These results achieved for Q4 2014 are strongly driven by the improving hospital supply and the sterilisation businesses profits, both showing sustained growth.

15. COMMENTARY ON CURRENT YEAR PROSPECTS

Since the disposition of our manufacturing assets two years ago to focus on medical and healthcare services, the sustained double-digit growth has proven that our strategy is right.

The underlying strength of growth is the young and diverse team of management coupled with experienced staff of the industry. This furnishes the company with many opportunities and new ideas of achieving our focused strategic targets.

As the group continues to invest in capacity and delivery competency in our distribution business and efficient logistics programs, the hospital supplies division expects to continue its strong growth. Today the group is helping its customers to manage supply logistics to their oversea units and subsidiaries, adding value to the partnerships. New products are added to our growing portfolio of supplies. Strategic regional dealerships are formed with companies that have new innovative products or able to contribute substantially to savings for our customers.

This year we saw further consolidation of sterilisation businesses globally, with the emergence of two major groups that dominate the sterilisation industry. The company's sterilisation unit continues to remain independent, offering regional customers a choice in selection of service providers. The business has developed consistently since its acquisition two years ago, doubling revenue.



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16. PROFIT FORECAST

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

17. TAXATION

	Individual period		Cumulative period	
	Current year quarter 31.10.2014 RM'000	Preceding year corresponding quarter 31.10.2013 RM'000	Current year quarter 31.10.2014 RM'000	Preceding year corresponding quarter 31.10.2013 RM'000
Continuing operations:				
Income tax	(106)	(83)	(486)	(176)
Deferred tax	(752)	(21)	(1,856)	(1,024)
	(858)	(104)	(2,342)	(1,200)
Discontinued operations:				
Income tax	-	-	-	-
Deferred tax	-	-	-	-
	-	-	-	-
	(858)	(104)	(2,342)	(1,200)

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 31 October 2014 are as follows:

	Individual period		Cumulative period	
	Current year quarter 31.10.2014 RM'000	Preceding year corresponding quarter 31.10.2013 RM'000	Current year quarter 31.10.2014 RM'000	Preceding year corresponding quarter 31.10.2013 RM'000
Revenue (Note 8)	-	-	-	37,520
Expenses	-	-	-	(36,062)
Profit from operations (Note 8)	-	-	-	1,458
Finance costs	-	-	-	(875)
Profit before taxation	-	-	-	583
Income tax expenses (Note 17)	-	-	-	-
Profit after taxation	-	-	-	583

Statement of cash flow disclosures

The cash flows attributable to discontinued operations as follows:

	31.10.2014 RM'000	31.10.2013 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:

Purpose	Estimated time frame for utilisation from completion of the Proposed Disposal	Amount RM'000	Reclassification Amount RM'000	Amount	Balance
				utilised as at 31.10.2014 RM'000	not utilised as at 31.10.2014 RM'000
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	6,315#	20,000	-
Future business expansion opportunities	Within 24 months	12,614	(6,315)#	8,470	4,144
Estimated expenses in relation to the Proposals	Within 1 month	2,500	-	2,500	-
		61,114	-	56,970	4,144



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The funds allocated for future business expansion opportunities is re-allocated to Lucenxia (M) Sdn. Bhd. as working capital in view of the trials still in progress and further investment needed in patient care education and training into rural region.

22. BORROWINGS AND DEBT SECURITIES

	As at 31.10.2014 RM'000	As at 31.10.2013 RM'000
Secured:		
Short Term Borrowings	2,359	5,429
Long Term Borrowings	3,941	5,865
Total Borrowings	<u>6,300</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 31 October 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 31.10.2014	Preceding year corresponding quarter 31.10.2013	Current year quarter 31.10.2014	Preceding year corresponding quarter 31.10.2013
Profit attributable to ordinary equity holders of the parent (RM'000)	1,167	1,300	4,330	82,379
Less : Profit from continuing operations, net of tax, attributable to owners of the parent (RM'000)	1,167	1,300	4,330	81,796
Profit net of tax from discontinued operations attributable to owners of the parent (RM'000)	-	-	-	583
Weighted average number of Ordinary shares in issue ('000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	0.76	0.85	2.83	53.92
Basic earnings per share from continuing operations (sen)	0.76	0.85	2.83	53.54
Basic earnings per share from discontinued operations (sen)	-	-	-	0.38

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):

	Individual period 31.10.2014 RM'000	Cumulative period 31.10.2014 RM'000
Continuing Operations		
Interest income	(36)	(344)
Other income	(32)	(51)
Interest expenses	94	435
Fair value gain on derivative	-	(34)
Depreciation of property, plant and equipment	342	1,294
Net foreign exchange gain	(1)	(54)
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:

	As at 31.10.2014 RM'000	As at 31.10.2013 RM'000
Group's total retained profits:		
Realised	18,216	12,017
Unrealised	3,236	5,087
	21,452	17,104
Less: Consolidation adjustments	2,558	2,540
Retained profits as per financial statements	18,894	14,564

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 23 December 2014.

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