



**ADVENTA BERHAD**  
(Company No : 618533-M)  
(Incorporated in Malaysia)  
**SECOND QUARTER REPORT ENDED 30 APRIL 2015**

**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 2014. 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 2014.

The audited financial statements of the Group for the year ended 31 October 2014 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 2014.

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

The preceding audited financial statements for the year ended 31 October 2014 were not subject to any qualification.

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

The continuous volatility in the Ringgit depresses margins and made longer term pricing agreements with customers difficult. Imported products are impacted. Although the Group as a whole tried to protect margins with a more flexible pricing structure, it is still too volatile to manage effectively without losing market share. The lower income was partially offset by higher sales volume this quarter



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**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 2015.

**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 30.04.2015 RM'000	Preceding year corresponding quarter 30.04.2014 RM'000	Current year 30.04.2015 RM'000	Preceding corresponding year 30.04.2014 RM'000
<b><u>Segment Revenue</u></b>				
<b>Continuing operations:</b>				
Healthcare products	8,604	3,782	17,043	8,186
Sterilisation provider	2,634	2,119	5,354	4,820
Corporate	-	198	-	396
Elimination of inter-segment sales	-	(198)	-	(396)
	11,238	5,901	22,397	13,006
<b><u>Segment Results</u></b>				
<b>Continuing operations:</b>				
Healthcare products	429	310	554	656
Sterilisation provider	1,253	713	2,850	2,388
Corporate	357	(116)	173	(140)
Elimination	(665)	-	(665)	-
	1,374	907	2,912	2,904

**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.



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**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 2015 is as follows:

	<b>RM'000</b>
Approved and contracted for	2,821



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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 30.04.2015 RM'000	Preceding year corresponding quarter 30.04.2014 RM'000	Variance %	Current year quarter 30.04.2015 RM'000	Preceding year corresponding quarter 30.04.2014 RM'000	Variance %
Revenue	11,238	5,901	90	22,397	13,006	72
PBT	1,205	829	45	2,643	2,697	(2)

Group revenue in Q2 2015 increased by 90% from RM5.9mil of same quarter last year.

Profit before tax for the Group over same period gained 45% to RM1.2mil from RM0.8mil.

Q2 Revenue comparison	% changes	Q2 PBT comparison	% changes
Group	↑ 90 %	Group	↑ 45 %
Healthcare	↑ 127 %	Healthcare	↑ 5 %
Sterilisation	↑ 24 %	Sterilisation	↑ 100 %
Home Dialysis	N/A	Home Dialysis	N/A

Healthcare products:

Sales leaped 127% from same period last year as sales volume of same products increased. Together with new products introductions, the sales growth was very robust. Continues addition of products range will build revenue platform for the future.

Sterilisation provider:

This sector has performed as expected with steady gains in revenue and income. A period of major engineering maintenance kept down operation throughput but the segment still gained 24% in sales and 100% in profits from higher utilisation rate.



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

	2 <sup>nd</sup> Quarter ended 30 April 2015 RM'000	1 <sup>st</sup> Quarter ended 31 January 2015 RM'000	Variance %
<b>Continuing operations</b>			
Revenue	11,238	11,159	1
PBT	1,205	1,438	(16)

Group revenue increased by 1% from last quarter, maintaining market share in all segments of the Group. Growth at the sterilisation business was slower due to a major scheduled equipment maintenance where revenue volume was lost from downtime.

Profit for the Group was down by 16% from higher cost incurred in purchases and maintenance.

**15. COMMENTARY ON CURRENT YEAR PROSPECTS**

The management maintained last quarter's view of better revenue from all segments. The hospital supplies business unit will continue to grow from its wider product base, enabling better customer choice and preference. A new division to service private doctors and clinics was formed to streamline primary care supplies into a cohesive group with higher segment focus. This division is expected to contribute by Q1 2016.

The Sterilization business will continue its past performance of growth in revenue and better margin improvement from higher equipment utilization. The company is exploring alternative sterilization services to its existing customers to fulfill their needs for a wider choice of sterilization services, utilizing Electron Beams high technical skills. This move into complementary business is expected to contribute in Q1 2016.

Home dialysis by Lucenxia is expected to be launched in Q4 2015, after its successful second clinical nationwide trials. This launch will start a revenue stream into the group from Q1 2016.



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**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>	
	Current year quarter <b>30.04.2015</b> RM'000	Preceding year corresponding quarter <b>30.04.2014</b> RM'000	Current year quarter <b>30.04.2015</b> RM'000	Preceding year corresponding quarter <b>30.04.2014</b> RM'000
<b>Continuing operations:</b>				
Income tax	(189)	(157)	(278)	(258)
Deferred tax	(274)	(273)	(849)	(637)
	(463)	(430)	(1,127)	(895)

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.

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

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

**19. MARKETABLE SECURITIES**

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



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**20. CORPORATE PROPOSALS**

**Status of Corporate Proposals**

There were no corporate proposals announced which remain uncompleted at the end of the financial period ended 30 April 2015

**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	Reclassification		Amount	Balance
		Amount	Amount	utilised as at	not utilised as at
		RM'000	RM'000	30.04.2015 RM'000	30.04.2015 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 Lucenia (M) Sdn. Bhd.	Within 24 months	20,000	12,614#	32,614	-
Future business expansion opportunities	Within 24 months	12,614	(12,614)#	-	-
Estimated expenses in relation to the Proposals	Within 1 month	2,500	-	2,500	-
		<u>61,114</u>	<u>-</u>	<u>61,114</u>	<u>-</u>

# The funds allocated for future business expansion opportunities is re-allocated to Lucenia (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.





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**21. BORROWINGS AND DEBT SECURITIES**

	<b>As at 30.04.2015 RM'000</b>	<b>As at 31.10.2014 RM'000</b>
<b>Secured:</b>		
Short Term Borrowings	20,508	2,283
Long Term Borrowings	15,498	4,017
Total Borrowings	<u>36,006</u>	<u>6,300</u>

**22. 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.

**23. DIVIDEND PAYABLE**

No interim ordinary dividend has been declared for the financial period ended 30 April 2015.



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**24. 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 30.04.2015	Preceding year corresponding quarter 30.04.2014	Current year quarter 30.04.2015	Preceding year corresponding quarter 30.04.2014
Profit attributable to ordinary equity holders of the parent (RM'000)	742	399	1,516	1,802
Weighted average number of Ordinary shares in issue ('000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	0.49	0.26	0.99	1.18

**b) Diluted**

There were no diluted earnings per share.

**25. PROFIT BEFORE TAX**

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

	<b>Individual period 30.04.2015 RM'000</b>	<b>Cumulative period 30.04.2014 RM'000</b>
<b>Continuing Operations</b>		
Interest income	(24)	(47)
Interest expenses	169	269
Depreciation of property, plant and equipment	350	695
Net foreign exchange (gain) / loss	(49)	14



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**26. 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 30.04.2015</b>	<b>As at 30.04.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group's total retained profits:</b>		
Realised	20,761	14,458
Unrealised	2,366	4,448
	<hr/> 23,127	<hr/> 18,906
Less: Consolidation adjustments	2,583	2,540
Retained profits as per financial statements	<hr/> 20,544	<hr/> 16,366

**27. 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 June 2015.

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