



ADVENTA BERHAD

(Company No : 618533-M)

(Incorporated in Malaysia)

FIRST QUARTER REPORT ENDED 31 JANUARY 2016

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual period		Cumulative period	
		Current year quarter Unaudited 31-Jan-2016 RM'000	Preceding year corresponding quarter Unaudited 31-Jan-2015 RM'000	Current period Unaudited 31-Jan-2016 RM'000	Preceding period Unaudited 31-Jan-2015 RM'000
Revenue	8	12,303	11,159	12,303	11,159
Operating expenses		(10,645)	(9,581)	(10,645)	(9,581)
Net foreign exchange loss		(69)	(63)	(69)	(63)
Other operating income	25	173	23	173	23
Operating profit	8	1,762	1,538	1,762	1,538
Finance costs		(404)	(100)	(404)	(100)
Profit before taxation	13 & 25	1,358	1,438	1,358	1,438
Income tax expenses	17	(420)	(664)	(420)	(664)
Profit for the period		938	774	938	774
Profit attributable to:					
Owners of the parent		938	774	938	774
Non-controlling interests		-	-	-	-
Profit for the period		938	774	938	774
Earnings per share (sen):					
Diluted	24	N/A	N/A	N/A	N/A
Number of ordinary shares ('000)	24	152,786	152,786	152,786	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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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual period		Cumulative period	
	Current year quarter 31-Jan-2016 Unaudited RM'000	Preceding year corresponding quarter 31-Jan-2015 Unaudited RM'000	Current period 31-Jan-2016 Unaudited RM'000	Preceding corresponding period 31-Jan-2015 Unaudited RM'000
Profit for the period	938	774	938	774
Other comprehensive income:				
Foreign currency translation	-	-	-	-
Total comprehensive income for the period	<u>938</u>	<u>774</u>	<u>938</u>	<u>774</u>
Total comprehensive income attributable to:				
Owners of the parent	938	774	938	774
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	<u>938</u>	<u>774</u>	<u>938</u>	<u>774</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at Note 31-Jan-2016 RM'000	Audited As at 31-Oct-2015 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	50,751	51,176
Deferred development cost	24,993	23,743
Intangible assets	5,017	5,017
Deferred tax assets	1,523	1,805
	82,284	81,741
Current assets		
Inventories	11,698	11,582
Trade and other receivables	23,489	17,955
Prepaid operating expenses	395	388
Tax recoverable	-	14
Cash and bank balances	25,652	22,122
	61,234	52,061
TOTAL ASSETS	143,518	133,802



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 31-Jan-2016 RM'000	Audited As at 31-Oct-2015 RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables and other payables	18,351	14,848
Income tax payables	57	-
Loans and borrowings	21 <u>10,011</u>	<u>10,444</u>
	<u>28,419</u>	<u>25,292</u>
Non-current liabilities		
Loans and borrowings	21 <u>33,738</u>	<u>28,087</u>
	<u>33,738</u>	<u>28,087</u>
Total liabilities	<u>62,157</u>	<u>53,379</u>
Equity		
Share capital	53,475	53,475
Share premium	4,830	4,830
Retained profits	<u>23,056</u>	<u>22,118</u>
Equity attributable to owners of the parent	81,361	80,423
Non-controlling interests	<u>-</u>	<u>-</u>
Total equity	<u>81,361</u>	<u>80,423</u>
TOTAL EQUITY AND LIABILITIES	<u>143,518</u>	<u>133,802</u>
Net assets per share (RM)	<u>0.53</u>	<u>0.53</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Non-distributable</u>	<u>Distributable</u>		
	Share capital	Share premium	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000
<u>Quarter ended 31 January 2015</u>				
At 1 November 2014	53,475	4,830	19,028	77,333
Total comprehensive income	-	-	774	774
At 31 January 2015	<u>53,475</u>	<u>4,830</u>	<u>19,802</u>	<u>78,107</u>
<u>Quarter ended 31 January 2016</u>				
At 1 November 2015	53,475	4,830	22,118	80,423
Total comprehensive income	-	-	938	938
At 31 January 2016	<u>53,475</u>	<u>4,830</u>	<u>23,056</u>	<u>81,361</u>

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



ADVENTA BERHAD

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FIRST QUARTER REPORT ENDED 31 JANUARY 2016

UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current year to date 31-Jan-2016 Unaudited RM'000	Preceding year corresponding period 31-Jan-2015 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	1,358	1,438
Adjustments for:		
Depreciation of property, plant and equipment	450	345
Interest expenses	404	100
Interest income	(169)	(23)
Net unrealised foreign exchange loss	141	-
Operating profit before working capital changes	<u>2,184</u>	<u>1,860</u>
Increase in inventories	(116)	(880)
(Increase)/decrease in trade and other receivables	(5,654)	3,963
Increase in prepaid operating expenses	(7)	(1,064)
Increase/(decrease) in payables	<u>3,612</u>	<u>(5,208)</u>
Cash from/(used) in operations	19	(1,329)
Interest paid	(507)	(100)
Taxes paid	<u>(67)</u>	<u>(53)</u>
Net cash used in operating activities	(555)	(1,482)



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UNAUDITED ADJUSTED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current year to date 31-Jan-2016 Unaudited RM'000	Preceding year corresponding period 31-Jan-2015 Unaudited RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(50)	(295)
Investment in deferred development cost	(1,251)	(2,072)
Interest received	169	23
Proceed from disposal of property, plant and equipment	25	-
Net cash used in investing activities	(1,107)	(2,344)
Cash flows from financing activities		
Net increase in borrowings	5,217	4,951
Net cash from financing activities	5,217	4,951
Effects of foreign exchange rate changes	(25)	-
Net increase in cash and cash equivalents	3,530	1,125
Cash and cash equivalents at beginning of financial period	22,122	5,850
Cash and cash equivalents at end of financial period	25,652	6,975
Cash and cash equivalents at end of financial period comprise:		
- Cash and bank balances	25,652	6,975



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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 2015. 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 2015.

The audited financial statements of the Group for the year ended 31 October 2015 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 2015.

2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding audited financial statements for the year ended 31 October 2015 were not subject to any qualification.

3. COMMENTS ABOUT SEASONAL, CYCLICAL AND EXCEPTIONAL FACTORS

To date all segments of the group grew with sales improving at both Distribution and Sterilization. Other than the Ringgit, there were no exceptional factors that influenced the results.



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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 31 January 2016.

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

The Company's operations are organized into several reportable business segments, each focused on core competencies of the company(s) in the segment.

We evaluate the performance of our segments based on their operating earnings excluding acquisition-related and exit and realignment charges, certain purchase price fair value adjustments, and other substantive items that, either as a result of their nature or size, would not be expected to occur as part of the our normal business operations on a regular basis.

Distribution: the manufacture, trading and third party logistics for the supply of healthcare and related products to healthcare centres in Malaysia and overseas. Products categories include disposables, pharmaceuticals, biotechnology, equipment and services include managed inventory and complete supply chain management that link global supplies to point of care.

Sterilization: Providing electron beam sterilization services, evaluation and certification of sterility, consultancy on sterilization and logistics services.

Home Dialysis: Providing full care dialysis services to homes and travelling patients.

	<u>Individual period</u>		<u>Cumulative period</u>	
	<u>Current year quarter</u> 31.01.2016 RM'000	<u>Preceding year corresponding quarter</u> 31.01.2015 RM'000	<u>Current year</u> 31.01.2016 RM'000	<u>Preceding year</u> 31.01.2015 RM'000
<u>Segment Revenue</u>				
Distribution	9,548	8,439	9,548	8,439
Sterilization	2,995	2,720	2,995	2,720
Home Dialysis	-	-	-	-
Corporate	-	-	-	-
Elimination of inter- segment sales	(240)	-	(240)	-
	<u>12,303</u>	<u>11,159</u>	<u>12,303</u>	<u>11,159</u>
<u>Segment Results</u>				
Distribution	631	125	631	125
Sterilization	1,349	1,597	1,349	1,597
Home Dialysis	-	-	-	-
Corporate	40	(184)	40	(184)
Elimination	(258)	-	(258)	-
	<u>1,762</u>	<u>1,538</u>	<u>1,762</u>	<u>1,538</u>



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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.

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

No commitments for the purchase of property, plant and equipment.



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

13. PERFORMANCE REVIEW

	<u>Individual period</u>			<u>Cumulative period</u>		
	Current year quarter 31.01.2016 RM'000	Preceding year corresponding quarter 31.01.2015 RM'000	Variance %	Current year quarter 31.01.2016 RM'000	Preceding year corresponding quarter 31.01.2015 RM'000	Variance %
Revenue	12,303	11,159	10	12,303	11,159	10
PBT	1,358	1,438	(5.5)	1,358	1,438	(5.5)

Revenue in Q1 2016 improved 10% from RM11.2mil to RM12.3mil of same quarter last year.

Profit before tax is lower by RM 80,000 from same period last year.

Comparative Q1	Revenue changes	PBT changes
Group	↑ 10 %	↓ 5.5 %
Distribution	↑ 13 %	↑ +100 %
Sterilization	↑ 10 %	↓ 39 %
Home Dialysis	N/A	N/A

Group:

The Ringgit has a significant impact on earning when revenue stream is Ringgit based and supplies and equipment are dollar purchases. The increase of 10% in group revenue cushioned the negative impact from currency weakness. Earnings fell 5.5% in comparative quarter.

Distribution:

Revenue improved by 13% due to higher purchases by hospitals for hospital supplies. Improvement in profit came from better sales of higher margin products.



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13. PERFORMANCE REVIEW (continued)

Sterilization:

Although revenue improved by 10% compared to preceding year same quarter, the company expended higher maintenance costs with renewal parts.

14. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q1 ended 31 January 2016 RM'000	Q 2 ended 31 October 2015 RM'000	Variance %
Continuing operations			
Revenue	12,303	10,047	22
PBT	1,358	1,127	20

The group's revenue recorded 22% increase mainly from Distribution segment. Profit before tax improved by RM 231,000 compared to last quarter.

15. COMMENTARY ON CURRENT YEAR PROSPECTS

The Group aims to achieve greater cost savings via opening of a new logistics centre in Subang. Even though the last two quarters were affected by the volatility of the Ringgit against the US Dollar, such volatility looks to be tapering off.

The home dialysis business has completed its review on second Clinical Review (CR2) with positive results. The Ministry of Health has indicated formal acceptance of the service during the launch of the service by the Minister of Health, YB Datuk Seri S. Subramaniam, in January 2016. We expect new income stream from this business on a gradual basis as awareness on such new home health services grow.

The company has planned a strong marketing and awareness program for the newly launched service in the next 12 months, across the country, using selected media. The product will also be presented in the International Society for Peritoneal Dialysis biannual meeting in Melbourne this year. One of the nephrologists in Malaysia will present the experience of using Intellis in Malaysia and its comparative advantages over other systems.



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UNAUDITED NOTES TO FINANCIAL STATEMENTS

16. PROFIT FORECAST

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

17. TAXATION

	<u>Individual period</u>		<u>Cumulative period</u>	
	<u>Current year</u> <u>quarter</u> <u>31.01.2016</u> <u>RM'000</u>	<u>Preceding</u> <u>year</u> <u>corresponding</u> <u>quarter</u> <u>31.01.2015</u> <u>RM'000</u>	<u>Current year</u> <u>quarter</u> <u>31.01.2016</u> <u>RM'000</u>	<u>Preceding</u> <u>year</u> <u>corresponding</u> <u>quarter</u> <u>31.01.2015</u> <u>RM'000</u>
Continuing operations:				
Income tax	(138)	(89)	(138)	(89)
Deferred tax	(282)	(575)	(282)	(575)
	<u>(420)</u>	<u>(664)</u>	<u>(420)</u>	<u>(664)</u>

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 31 January 2016.

21. BORROWINGS AND DEBT SECURITIES

	As at 31.01.2016 RM'000	As at 31.10.2015 RM'000
Secured:		
Short Term Borrowings	10,011	10,444
Long Term Borrowings	33,738	28,087
Total Borrowings	<u>43,749</u>	<u>38,531</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 31 January 2016.



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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 31.01.2016	Preceding year corresponding quarter 31.01.2015	Current year quarter 31.01.2016	Preceding year corresponding quarter 31.01.2015
Profit attributable to ordinary equity holders of the parent (RM'000)	938	774	938	774
Weighted average number of Ordinary shares in issue ('000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	0.61	0.51	0.61	0.51

b) Diluted

There were no diluted earnings per share.

25. PROFIT BEFORE TAX

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

	Individual period 31.01.2016 RM'000	Cumulative period 31.01.2016 RM'000
Continuing Operations		
Interest income	(169)	(169)
Other income	(4)	(4)
Interest expenses	404	404
Depreciation of property, plant and equipment	450	450
Net foreign exchange loss	69	69



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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:

	As at 31.01.2016	As at 31.10.2015
	RM'000	RM'000
Group's total retained profits:		
Realised	24,592	22,923
Unrealised	1,382	2,007
	<hr/>	<hr/>
	25,974	24,930
Less: Consolidation adjustments	2,918	2,812
Retained profits as per financial statements	<hr/>	<hr/>
	23,056	22,118

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 29 March 2016.

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