



ADVENTA BERHAD
(Company No : 618533-M)
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 31 OCTOBER 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

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 October 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

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> 31.10.2015 RM'000	<u>Preceding year corresponding quarter</u> 31.10.2014 RM'000	<u>Current year</u> 31.10.2015 RM'000	<u>Preceding year</u> 31.10.2014 RM'000
<u>Segment Revenue</u>				
Distribution	7,317	7,925	30,640	23,198
Sterilization	3,084	3,836	11,595	11,660
Home Dialysis	-	-	-	-
Corporate	-	198	-	792
Elimination of inter- segment sales	(354)	(259)	(354)	(853)
	<u>10,047</u>	<u>11,700</u>	<u>41,881</u>	<u>34,797</u>

<u>Segment Results</u>				
Distribution	162	(374)	783	568
Sterilization	1,536	2,604	6,039	7,065
Home Dialysis	-	-	-	-
Corporate	(343)	1,158	(88)	709
Elimination	48	(1,260)	(756)	(1,260)
	<u>1,403</u>	<u>2,128</u>	<u>5,978</u>	<u>7,082</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 31.10.2015 RM'000	Preceding year corresponding quarter 31.10.2014 RM'000	Variance %	Current year quarter 31.10.2015 RM'000	Preceding year corresponding quarter 31.10.2014 RM'000	Variance %
Revenue	10,047	11,700	(14)	41,881	34,797	20
PBT	1,129	2,000	(44)	5,000	6,647	(25)

Revenue in Q4 2015 slipped 14% from RM11.7mil of same quarter last year. However full year's revenue figures improved 20% compared to FY14.

Profit before tax is lower by RM 871,000 from same period last year from forex losses and the weak Ringgit against the importing currency which is the US Dollar which has appreciated 15% since the beginning of 2015. Cost pass-through cannot be effected mid contract.

Comparative Q4	Revenue changes	PBT changes
Group	↓ 14 %	↓ 44 %
Distribution	↓ 12 %	↑ 84 %
Sterilization	↓ 20 %	↓ 45 %
Home Dialysis	N/A	N/A

Group:

The Ringgit has a significance impact on earning when revenue stream is Ringgit based and supplies / equipment are dollar purchases. The increase of 20% in group revenue reduced the impact to a 25% decline in earnings. The management has scheduled increases in price of services and goods to customers to bring margins back to normal.



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13. PERFORMANCE REVIEW (continued)

Distribution:

Revenue slowed by 12% from lower uptake by hospitals for some disposable products. Improvement in profit compared to preceding year same quarter comes from increase in volume.

Sterilization:

Throughput volume reduction was from scheduled maintenance period. The weaker Ringgit translate into higher system maintenance cost and lower margin.

14. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	4th Quarter ended 31 October 2015 RM'000	3rd Quarter ended 31 July 2015 RM'000	Variance %
Continuing operations			
Revenue	10,047	9,437	6
PBT	1,129	1,228	(8)

This last quarter of the year closed the group's revenue at a 6% increase mainly from Distribution segment. Profit before tax lower by RM 99,000 compared to last quarter.

15. COMMENTARY ON CURRENT YEAR PROSPECTS

The last quarter of the year closed the group's revenue at a 6% increase. Growth came off higher Distribution sales and improved results from Sterilization. The last two quarters was affected by the volatility of the Ringgit against the US Dollar. Such volatility looked to be tapering off and that will improve results in the forwards months.

Home dialysis business has completed its review on second Clinical Review (CR2) with positive results. The Company is expected a commercial launch of the home dialysis business in January 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

	<u>Individual period</u>		<u>Cumulative period</u>	
	Current year quarter 31.10.2015 RM'000	Preceding year corresponding quarter 31.10.2014 RM'000	Current year quarter 31.10.2015 RM'000	Preceding year corresponding quarter 31.10.2014 RM'000
Continuing operations:				
Income tax	175	67	(357)	(313)
Deferred tax	(548)	(766)	(1,554)	(1,870)
	(373)	(699)	(1,911)	(2,183)

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 October 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	Amount RM'000	Reclassifi- -cation Amount RM'000	Amount utilised as at 31.10.2015 RM'000	Balance not utilised as at 31.10.2015 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 Lucenxia (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 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.



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21. BORROWINGS AND DEBT SECURITIES

	As at 31.10.2015 RM'000	As at 31.10.2014 RM'000
Secured:		
Short Term Borrowings	10,445	2,283
Long Term Borrowings	28,087	4,017
Total Borrowings	<u>38,532</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 31 October 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 31.10.2015	Preceding year corresponding quarter 31.10.2014	Current year quarter 31.10.2015	Preceding year corresponding quarter 31.10.2014
Profit attributable to ordinary equity holders of the parent (RM'000)	756	1,301	3,089	4,464
Weighted average number of Ordinary shares in issue ('000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	0.49	0.85	2.02	2.92

b) Diluted

There were no diluted earnings per share.

25. PROFIT BEFORE TAX

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

	Individual period 31.10.2015 RM'000	Cumulative period 31.10.2015 RM'000
Continuing Operations		
Interest income	(336)	(344)
Other income	(39)	(52)
Interest expenses	978	435
Depreciation of property, plant and equipment	1,501	1,294
Net foreign exchange gain	(251)	(4)
Fair value gain on derivative	-	(34)
Property, plant and equipment written-off	-	163



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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 31.10.2015	As at 31.10.2014
	RM'000	RM'000
Group's total retained profits:		
Realised	23,058	18,390
Unrealised	1,872	3,220
	<hr/> 24,930	<hr/> 21,610
Less: Consolidation adjustments	2,813	2,582
Retained profits as per financial statements	<hr/> 22,117	<hr/> 19,028

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 17 December 2015.

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