



ADVENTA BERHAD
 (Company No : 618533-M)
 (Incorporated in Malaysia)
SECOND QUARTER REPORT ENDED 30 APRIL 2012
UNAUDITED NOTES TO FINANCIAL STATEMENTS

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9 paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 October 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 October 2011.

Change in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 October 2011 except for the adoption of new or revised FRSS, Amendment to FRSS and IC Interpretations effective for financial year beginning 1 November 2011.

		Effective for annual periods beginning on or after
Improvements to FRSS	(2010)	1 January 2011
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-Time Adopters	1 January 2011
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
TR 3	Guidance a Disclosure of Transition to IFRSs	1 January 2011
Tri - 4	Shariah Compliant Sale Contracts	1 January 2011



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		Effective for annual periods beginning on or after
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	1 July 2011

The adoption of the above standards and interpretations do not have significant impact to the interim financial performance or position of the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, The Malaysia Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysia Financial Reporting Standards (MFRS Framework).

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 October 2013.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding audited financial statements for the year ended 31 October 2011 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.



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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 2012.

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 30.04.2012 RM'000	Preceding year corresponding quarter 30.04.2011 RM'000	Current year quarter 30.04.2012 RM'000	Preceding year corresponding quarter 30.04.2011 RM'000
<u>Segment Revenue</u>				
Healthcare products	198,599	181,789	383,291	368,998
Energy provider	2,619	2,639	5,486	6,222
Others	2,055	1,855	4,610	3,410
Total revenue including inter-segment sales	203,273	186,283	393,387	378,630
Elimination of inter-segment sales	(96,643)	(81,984)	(182,943)	(168,142)
Total	106,630	104,299	210,444	210,488

	Individual period		Cumulative period	
	Current year quarter 30.04.2012 RM'000	Preceding year corresponding quarter 30.04.2011 RM'000	Current year quarter 30.04.2012 RM'000	Preceding year corresponding quarter 30.04.2011 RM'000
<u>Segment Results</u>				
Healthcare products	6,319	4,177	9,859	7,364
Energy provider	733	1,192	1,090	3,088
Others	1,343	386	1,629	1,181
Elimination	(899)	(932)	(1,107)	(1,811)
Total	7,496	4,823	11,471	9,822

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.



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10. EVENTS AFTER THE REPORTING PERIOD

There were no material events subsequent to the end of the current quarter under review.

11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter under review.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

13. 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 2012 is as follows:

Approved and contracted for	RM'000 <u>9,131</u>
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**PART B – ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF
 BURSA MALAYSIA LISTING REQUIREMENTS**

14. PERFORMANCE REVIEW

	2QFY2012 RM'000	2QFY2011 RM'000	Variance %	6MQFY2012 RM'000	6MQFY2011 RM'000	Variance %
Revenue	106,630	104,299	2	210,444	210,488	0
EBITDA	12,047	8,933	35	20,101	17,993	12
PBT	5,279	3,121	69	7,306	6,564	11
PAT	6,228	4,579	36	8,747	8,665	1

Sales revenue improved by 2% over preceding year corresponding quarter and profits increased 69%. The switch from latex gloves to nitrile gloves contributed strongly in margin improvement. Sales in South America expanded better than expectation although profit is suppressed by high energy cost.

The Nitrile exam glove market continue to grow strongly in Europe and North America, with encouraging conversions from latex to nitrile in other markets.

Surgical glove sales are improving and we expect similar trends in the coming quarters. There were weak markets in the Middle East due to the turmoil there since last year and there was no change in the weak demand, from infrastructural failures and financial difficulties.

Distribution business grew 12% over corresponding period and it is expected to continue with this rate of growth.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	2nd Quarter ended 30 April 2012 RM'000	1st Quarter ended 31 January 2012 RM'000	Variance %
Revenue	106,630	103,814	3
EBITDA	12,047	8,054	50
PBT	5,279	2,027	160
PAT	6,228	2,519	147

The quarter improved 160% in profit before tax over last quarter, mainly from better margins and revenue from the synthetic glove sector. Other divisions gained higher profits from cost improvements program. EBITDA increased by 50% on the back of higher margin.



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16. COMMENTARY ON CURRENT YEAR PROSPECTS

With the current economic uncertainties in Europe and the continued unrest in the Middle East, the company does not see significant gains in revenue for the rest of the year. However, revenue should improve from Asian and American markets as well as the South American region. Latex prices are softening following the fall in oil prices and global consumption.

With the fall in oil prices nitrile raw materials are likely to follow, with lower nitrile latex prices in the short to medium term. This will most likely result in more conversions from latex.

17. PROFIT FORECAST

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

18. TAXATION

	Individual period		Cumulative period	
	Current year quarter 30.04.2012 RM'000	Preceding year corresponding quarter 30.04.2011 RM'000	Current year quarter 30.04.2012 RM'000	Preceding year corresponding quarter 30.04.2011 RM'000
Income tax	(91)	(122)	(183)	(128)
Deferred tax	1,040	1,580	1,624	2,229
	949	1,458	1,441	2,101

The effective tax rate of the Group is higher than that of the statutory tax rate due to certain non-deductible expenses.

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 30 April 2012.

22. BORROWINGS AND DEBT SECURITIES

	As at 30.04.2012 RM'000	As at 31.10.2011 RM'000
Secured:		
Short Term Borrowings	79,394	93,401
Long Term Borrowings	120,023	96,617
Total Borrowings	<u>199,417</u>	<u>190,018</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 2012.



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25. FINANCIAL DERIVATIVE INSTRUMENTS

The Group uses derivative financial instruments, mainly forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange arising from sales and purchase. The Group does not hold or issue derivative financial instruments for trading purposes.

The details of the outstanding foreign currency forward contracts agreements as at 30 April 2012 are as follows:

	Notional amount as at 30.04.2012 RM'000	Fair value as at 30.04.2012 RM'000
Foreign currency forward contracts:		
Less than 1 year	30,984	30,266

The above instruments are executed with credit worthy financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions are remove on the basis of their financial strength. There are also no cash requirements risks as the Group only uses foreign currency forward contracts as its hedging instruments.

The fair value changes have been recognised in the profit or loss.

	Individual period		Cumulative period	
	Current year quarter 30.04.2012 RM'000	Preceding year corresponding quarter 30.04.2011 RM'000	Current year quarter 30.04.2012 RM'000	Preceding year corresponding quarter 30.04.2011 RM'000
Foreign currency forward contracts:				
Gain/(Loss) arising from fair value changes	247	(49)	401	283

The fair value changes are attributable to changes in foreign exchange spot and forward rate.

Foreign currency forward contracts are valued using a valuation technique with market observable inputs.



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26. 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 30.04.2012	Preceding year corresponding quarter 30.04.2011	Current year quarter 30.04.2012	Preceding year corresponding quarter 30.04.2011
Profit attributable to ordinary equity holders of the parent (RM'000)	6,146	4,589	8,857	8,639
Weighted average number of Ordinary shares in issue ('000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	4.02	3.00	5.80	5.65

b) Diluted

There were no diluted earnings per share.



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27. PROFIT BEFORE TAX

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

	Individual period 30.04.2012 RM'000	Cumulative period 30.04.2012 RM'000
Interest income	(103)	(230)
Other income	(359)	(507)
Interest expenses	2,217	4,165
Depreciation of property, plant and equipment	4,551	8,630
(Gain)/loss on disposal of property, plant and equipment	-	-
(Gain)/loss on disposal of investment	-	-
Provision for and write off of inventories	-	-
Provision for and write off of receivables	-	-
Net foreign exchange loss	755	1,996
(Gain)/loss on derivatives	(247)	(401)
Exceptional items	-	-

28. 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 30.04.2012 RM'000	As at 31.10.2011 RM'000
Group's total retained profits:		
Realised	118,513	119,779
Unrealised	8,756	7,176
	<hr/> 127,269	<hr/> 126,955
Less: Consolidation adjustments	13,152	21,695
Retained profits as per financial statements	<hr/> 114,117	<hr/> 105,260



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29. 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 28 June 2012.

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