



**ADVENTA BERHAD**  
(Company No : 618533-M)  
(Incorporated in Malaysia)  
**SECOND QUARTER REPORT ENDED 30 APRIL 2013**  
**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**PART A - EXPLANATORY NOTES PURSUANT TO FRS 134**

**1. BASIS OF PREPARATION**

**First-time adoption of Malaysian Financial Reporting Standard (“MFRS”)**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysia Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and Chapter 9 paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the period up to and including the year ended 31 October 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

These interim financial statements are the Group’s first MFRS interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 October 2013. MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards has been applied.

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 financial year ended 31 October 2012.

In preparing its opening MFRS Statements of Financial Position as at 1 July 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s financial position, financial performance and cash flows is set out in Note 1a below.

**a) Business combinations**

MFRS 1 provides the option to apply MFRS 3: Business Combination, prospectively from the date of transition or from a specific date prior to the transition date. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition. The Group has elected to apply MFRS 3 prospectively from the date of transition.



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Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- i) The classification of former business combinations under FRS is maintained;
- ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- iii) The carrying amount of goodwill recognised under FRS is not adjusted.

The adoption of MFRS 1 does not have impact on the reported financial position, financial performance and cash flows of the Group and hence, no reconciliation from FRSs to MFRSs were prepared.

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

The preceding audited financial statements for the year ended 31 October 2012 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 30 April 2013.



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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 30.04.2013 RM'000	Preceding year corresponding quarter 30.04.2012 RM'000	Current year 30.04.2013 RM'000	Preceding corresponding year 30.04.2012 RM'000
<b><u>Segment Revenue</u></b>				
<b>Continuing operations:</b>				
Healthcare products	8,261	3,243	10,054	5,819
Sterilisation provider	2,616	-	4,810	-
Corporate	-	-	-	-
Elimination of inter-segment sales	-	(46)	(434)	(52)
	10,877	3,197	14,430	5,767
<b>Discontinued operations:</b>				
Healthcare products	-	195,356	63,202	377,472
Energy provider	-	2,619	1,584	5,486
Corporate	-	2,055	-	4,610
Total revenue including inter-segment sales	-	200,030	64,786	387,568
Elimination of inter-segment sales	-	(96,597)	(27,266)	(182,891)
	-	103,433	37,520	204,677
<b><u>Segment Results</u></b>				
<b>Continuing operations:</b>				
Healthcare products	887	139	926	(366)
Sterilisation provider	1,298	-	1,737	-
Corporate	17	-	196,062	-
Elimination	-	-	-	-
	2,202	139	198,725	(366)
<b>Discontinued operations:</b>				
Healthcare products	-	6,180	2,434	10,225
Energy provider	-	733	153	1,090
Corporate	-	1,343	(375)	1,629
Elimination	-	(898)	(33)	(1,106)
	-	7,358	2,179	11,838



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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 4 February 2013, the Board announced that the Company is presently in the midst of formulating a regularization plan to address its PN17 status ("Regularisation Plan").

Premised on the First Announcement made on 7 January 2013, the Company is required to submit a Regularisation Plan to the relevant authorities by 7 January 2014.

- b) On 1 April 2013, refer to the announcement made by the Company on 31 December 2012, the Acquisition of PTM Progress Trading & Marketing Sdn. Bhd. ("PTM") has been completed on 31 March 2013.

On 31 December 2012, the Board announced that the Company had entered into an agreement to acquire 500,000 ordinary shares of RM1.00 each for a total cash consideration of RM7,500,000 ("Purchase Consideration"), less the existing bank loan and other liabilities on completion date. Following this acquisition, PTM will 100% wholly-owned subsidiary of Adventa.

- c) On 2 April 2013, the Company had on 31 March 2013 re-organised the Group structure by acquiring two (2) ordinary shares of RM1.00 each fully paid up in the capital of Luxencia (M) Sdn. Bhd. ("Luxencia"), representing 100% of the equity interest in Luxencia at a total purchase consideration of RM2.00 from Electron Beam Sdn. Bhd., a wholly-owned subsidiary of the Company ("Acquisition").

Following the Acquisition, Luxencia has become a direct wholly-owned subsidiary of the Company.



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**11. CHANGES IN COMPOSITION OF THE GROUP**

On 31 December 2012, the Company had acquired PTM Progress Trading & Marketing Sdn. Bhd. The acquisition has been completed on 31 March 2013.

The effects of the above acquisition that have been included in the interim financial statement are as follows:

	<b>RM'000</b>
Revenue	-
Loss before taxation	41
The aggregate net liabilities of the subsidiaries acquisition	90
Net cash outflow of the Group	1,556

**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 2013 is as follows:

	<b>RM'000</b>
Approved and contracted for	368



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

**14. PERFORMANCE REVIEW**

	Individual period			Cumulative period		
	Current year quarter 30.04.2013 RM'000	Preceding year corresponding quarter 30.04.2012 RM'000	Variance %	Current year quarter 30.04.2013 RM'000	Preceding year corresponding quarter 30.04.2012 RM'000	Variance %
<b>Continuing operations</b>						
Revenue	10,877	3,197	240	14,430	5,767	150
*PBT before other operating income	1,739	86	1922	1,886	(475)	497

The Company increased sales by 150% over preceding year and profit before tax of RM1.88 million, an increase of 497%. The expansion to international market and growing customer base in sterilisation services contributed to the improvement. As revenue improved, the margin grew as cost comes from management and equipment financing.

The profit before tax from operations for the continued business has reported increased profit of RM1.74 million compared to RM86k in corresponding period in preceding year.

The distribution business has significant gains in operating room related supplies and encouraging growth in new products especially in wound care.

\* Profit before tax before other operating income excludes gain on disposal of investment in subsidiaries and other income



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

	<b>2<sup>nd</sup> Quarter ended 30 April 2013 RM'000</b>	<b>1<sup>st</sup> Quarter ended 31 January 2013 RM'000</b>	<b>Variance %</b>
<b>Continuing operations</b>			
Revenue	10,877	3,553	206
*PBT before other operating income	1,739	147	1083

Compared to last quarter, revenue increased by 206%. Profit before tax from operations increased by 1083%. The healthy increase in profits is from economies of scale. As we increase market share and volume, cost is reduced proportionately.

\* Profit before tax before other operating income excludes gain on disposal of investment in subsidiaries and other income

**16. COMMENTARY ON CURRENT YEAR PROSPECTS**

The Group's intense focus on its business units, of industrial and commercial sterilisation services and distribution of hospital supplies and dialysis business is realising strong growth and better margins.

The sterilization service unit continues to perform with bigger volume from current customers and new accounts after the capacity upgrade. The upgrade not only allows higher capacity but also better service flexibility.

Healthcare product has extended sales to several overseas markets and as more products gain registration approvals, the export segment is expected to increase.

The Home Dialysis provider business is scheduled for a commercial launch by Q4 of this year after completing regulatory and market trials. The management expects some contribution but not significant impact on its business in the immediate quarter.

The Board of Directors is of the opinion that the Group's financial performance, post-disposal of the manufacturing business, will remain profitable in FY2013.





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**17. PROFIT FORECAST**

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

**18. TAXATION**

	<b>Individual period</b>		<b>Cumulative period</b>	
	Current year quarter <b>30.04.2013</b> RM'000	Preceding year corresponding quarter <b>30.04.2012</b> RM'000	Current year quarter <b>30.04.2013</b> RM'000	Preceding year corresponding quarter <b>30.04.2012</b> RM'000
<b>Continuing operations:</b>				
Income tax	(3)	-	(3)	-
Deferred tax	(382)	-	(350)	-
	(385)	-	(353)	-
<b>Discontinued operations:</b>				
Income tax	-	(91)	-	(183)
Deferred tax	-	1,040	-	1,624
	-	949	-	1,441
	(385)	949	(353)	1,441

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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**19. 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 30 April 2013 are as follows:

	<b>Individual period</b>		<b>Cumulative period</b>	
	<b>Current year quarter 30.04.2013 RM'000</b>	<b>Preceding year corresponding quarter 30.04.2012 RM'000</b>	<b>Current year quarter 30.04.2013 RM'000</b>	<b>Preceding year corresponding quarter 30.04.2012 RM'000</b>
Revenue (Note 8)	-	103,433	37,520	204,677
Expenses	-	(96,075)	(35,341)	(192,839)
Profit from operations (Note 8)	-	7,358	2,179	11,838
Finance costs	-	(2,167)	(875)	(4,062)
Profit before taxation	-	5,191	1,304	7,776
Income tax expenses (Note 18)	-	949	-	1,441
Profit after taxation	-	6,140	1,304	9,217

**Statement of cash flow disclosures**

The cash flows attributable to discontinued operations as follows:

	<b>30.04.2013 RM'000</b>	<b>30.04.2012 RM'000</b>
Operating activities	194,059	20,460
Investing activities	(13,050)	(8,846)
Financing activities	(200,163)	(2,085)
Net cash (outflows)/inflows	(19,154)	13,699

**20. 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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**21. MARKETABLE SECURITIES**

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

**22. 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 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:

<b>Purpose</b>	<b>Estimated time frame for utilisation from completion of the Proposed Disposal</b>	<b>Amount RM'000</b>	<b>Amount utilised as at 30.04.2013 RM'000</b>	<b>Balance not utilised as at 30.04.2013 RM'000</b>
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	9,968	2,032
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	3,444	16,556
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	-
		<b>61,114</b>	<b>20,912</b>	<b>40,202</b>



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**23. BORROWINGS AND DEBT SECURITIES**

	<b>As at 30.04.2013 RM'000</b>	<b>As at 31.10.2012 RM'000</b>
<b>Secured:</b>		
Short Term Borrowings	5,462	9,720
Long Term Borrowings	8,540	6,467
As per Statement of Financial Position	<u>14,002</u>	<u>16,187</u>
Borrowings classified as held for sales	-	205,888
Total Borrowings	<u>14,002</u>	<u>222,075</u>

**24. 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.

**25. DIVIDEND PAYABLE**

No interim ordinary dividend has been declared for the financial period ended 30 April 2013.



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**26. 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 2013 are as follows:

	<b>Notional amount as at 30.04.2013 RM'000</b>	<b>Fair value as at 30.04.2013 RM'000</b>
Foreign currency forward contracts:		
Less than 1 year		
- Continuing operations	-	-
- Discontinued operations	-	-
	<hr/>	<hr/>
	-	-

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.

	<b>Individual period</b>		<b>Cumulative period</b>	
	<b>Current year quarter 30.04.2013 RM'000</b>	<b>Preceding year corresponding quarter 30.04.2012 RM'000</b>	<b>Current year quarter 30.04.2013 RM'000</b>	<b>Preceding year corresponding quarter 30.04.2012 RM'000</b>
Foreign currency forward contracts:				
Gain/(Loss) arising from fair value changes				
- Continuing operations	-	-	17	-
- Discontinued operations	-	247	(13)	401
	<hr/>	<hr/>	<hr/>	<hr/>
	-	247	4	401

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



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

**27. EARNINGS PER SHARE**

The basic and diluted earnings per share for the reporting period are computed as follows:

**a) Basis**

	<b>Individual period</b>		<b>Cumulative period</b>	
	<b>Current year quarter 30.04.2013</b>	<b>Preceding year corresponding quarter 30.04.2012</b>	<b>Current year quarter 30.04.2013</b>	<b>Preceding year corresponding quarter 30.04.2012</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	1,659	6,146	199,353	8,857
Less : Profit/(Loss) from continuing operations, net of tax, attributable to owners of the parent (RM'000)	1,659	88	198,049	(470)
Profit net of tax from discontinued operations attributable to owners of the parent (RM'000)	-	6,058	1,304	9,327
Weighted average number of Ordinary shares in issue ('000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	1.09	4.02	130.48	5.80
Basic earnings per share from continuing operations (sen)	1.09	0.06	129.63	(0.31)
Basic earnings per share from discontinued operations (sen)	-	3.97	0.85	6.10



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**b) Diluted**

There were no diluted earnings per share.

**28. PROFIT BEFORE TAX**

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

	<b>Individual period 30.04.2013 RM'000</b>	<b>Cumulative period 30.04.2013 RM'000</b>
<b>Continuing Operations</b>		
Gain on derivatives	-	(17)
Gain on disposal of investment in subsidiaries	-	(195,304)
Interest income	(305)	(1,185)
Other income	-	(11)
Interest expenses	157	322
Depreciation of property, plant and equipment	394	605
Net foreign exchange loss	24	32
<b>Discontinued Operations</b>		
Interest income	-	(30)
Other income	-	(26)
Interest expenses	-	875
Depreciation of property, plant and equipment	-	1,711
Net foreign exchange gain	-	(27)
Loss on derivatives	-	13

**29. 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 30.04.2013 RM'000</b>	<b>As at 31.10.2012 RM'000</b>
<b>Group's total retained profits:</b>		
Realised	1,502	140,534
Unrealised	5,760	13,319
	<hr/> 7,262	<hr/> 153,853
Less: Consolidation adjustments	916	23,052
Retained profits as per financial statements	<hr/> 6,346	<hr/> 130,802



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**30. 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 27 June 2013.

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