



**ADVENTA BERHAD**  
(Company No : 618533-M)  
(Incorporated in Malaysia)  
**FOURTH QUARTER REPORT ENDED 31 OCTOBER 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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**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

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 31 October 2013.



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(Incorporated in Malaysia)  
**FOURTH QUARTER REPORT ENDED 31 OCTOBER 2013**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**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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**FOURTH QUARTER REPORT ENDED 31 OCTOBER 2013**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**8. SEGMENTAL INFORMATION**

	Individual period		Cumulative period	
	Current year quarter <b>31.10.2013</b> RM'000	Preceding year corresponding quarter <b>31.10.2012</b> RM'000	Current year <b>31.10.2013</b> RM'000	Preceding year corresponding year <b>31.10.2012</b> RM'000
<b><u>Segment Revenue</u></b>				
<b>Continuing operations:</b>				
Healthcare products	2,141	3,826	17,390	13,348
Sterilisation provider	3,034	2,913	9,920	2,913
Corporate	786	-	792	-
Elimination of inter-segment sales	(292)	(1,934)	(726)	(2,068)
	<b>5,669</b>	<b>4,805</b>	<b>27,376</b>	<b>14,193</b>
<b>Discontinued operations:</b>				
Healthcare products	-	201,771	63,202	776,793
Energy provider	-	11,775	1,584	19,787
Corporate	-	(5,185)	-	1,980
Total revenue including inter-segment sales	-	208,361	64,786	798,560
Elimination of inter-segment sales	-	(93,576)	(27,266)	(374,215)
	<b>-</b>	<b>114,785</b>	<b>37,520</b>	<b>424,345</b>
<b><u>Segment Results</u></b>				
<b>Continuing operations:</b>				
Healthcare products	587	993	1,479	285
Sterilisation provider	1,560	2,362	5,055	2,362
Corporate	(578)	-	77,145	-
Elimination	-	-	-	-
	<b>1,569</b>	<b>3,355</b>	<b>83,679</b>	<b>2,647</b>
<b>Discontinued operations:</b>				
Healthcare products	-	6,159	2,434	24,091
Energy provider	-	6,363	153	7,621
Corporate	-	1,244	(1,095)	5,349
Elimination	-	(5,009)	(33)	(8,434)
	<b>-</b>	<b>8,757</b>	<b>1,459</b>	<b>28,627</b>



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**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**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) The Company announced on the 17 Sept that its subsidiary, Lucenxia (M) Sdn. Bhd., which is starting commercial operations in the provision of home Peritoneal Dialysis services has been designated by the Performance Management and Delivery Unit ("PEMANDU") as a project under the ETP under Healthcare of the National Key Economic Areas ("NKEA").

The ETP adoption by the Government is an important achievement by the Company and it should accelerate growth into the Malaysian and regional markets.

- b) On 4 October 2013, the Company announced that its subsidiary, Sun Healthcare (M) Sdn. Bhd., had signed a long term exclusive Distribution Agreement with Crawford Healthcare Ltd. ("Crawford"), to take over the exclusive sales and marketing of all Crawford's woundcare products in Malaysia and the Asean countries

**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 31 October 2013 is as follows:

Approved and contracted for	<b>RM'000</b> <u>263</u>
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(Company No : 618533-M)

(Incorporated in Malaysia)

**FOURTH QUARTER REPORT ENDED 31 OCTOBER 2013**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

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

**13. PERFORMANCE REVIEW**

	Individual period			Cumulative period		
	Current year quarter 31.10.2013 RM'000	Preceding year corresponding quarter 31.10.2012 RM'000	Variance %	Current year quarter 31.10.2013 RM'000	Preceding year corresponding quarter 31.10.2012 RM'000	Variance %
<b>Continuing operations</b>						
Revenue	5,669	4,805	18	27,376	14,193	93
*PBT before other operating income	1,165	3,066	(62)	5,634	2,162	160

The Company increased sales by 93% over preceding year and profit before tax of RM5.63 million, an increase of 160%.

The sterilisation service provider business did particularly well with increased revenue from improved irradiation volume. Electron Beam Sdn. Bhd. further expanded its potential customer base into device manufacturers and specialty sterilisation. The increased capacity and better delivery record help our customers increase their forecast and realised volumes.

The medical supplies business under Sun Healthcare (M) Sdn. Bhd. continued growing helped by exports to regional countries. The export markets opened new revenue markets and allow more cost effective procurement opportunities.

Lucenia (M) Sdn. Bhd. (“Lucenia”), the subsidiary involved in home Peritoneal Dialysis is not yet commercially operational but has gone through a clinical trial with good positive results. It is now in the process of a larger hospital conducted home trial, which is scheduled for completion in Q2 2014. On 17 Sept, the Economic Transformation Program under PEMANDU adopted Lucenia as the Peritoneal Dialysis ETP. With this adoption, Lucenia is cleared for strong business development assistance from the government.

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



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 (Company No : 618533-M)  
 (Incorporated in Malaysia)  
**FOURTH QUARTER REPORT ENDED 31 OCTOBER 2013**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

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

	4 <sup>th</sup> Quarter ended 31 October 2013 RM'000	3 <sup>rd</sup> Quarter ended 31 July 2013 RM'000	Variance %
<b>Continuing operations</b>			
Revenue	5,669	7,277	(22)
*PBT before other operating income	1,165	1,846	(37)

Compared to last quarter, revenue decreased by 22%. Profit before tax from operations decreased by 37%.

The low budget of Government during the quarter for purchase of medical products contributed to lower revenue and profit.

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

**15. COMMENTARY ON CURRENT YEAR PROSPECTS**

The results of 2013 show that the businesses of the Group after the disposal of major assets and the glove manufacturing unit in Nov 2012 are able to operate profitably and consistently. The group met the challenge of refocusing the business direction and addition of experienced personnel improved success in new growth sectors.

At the close of the quarter, Lucenxia (M) Sdn. Bhd. is in the progress of a second large sample close monitored trial for home peritoneal dialysis. Upon completion of this trial, barring any adverse results, the company shall launch its commercial operations, supplying home Peritoneal Dialysis directly to homes in all of Malaysia subsequent to that.



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 (Company No : 618533-M)  
 (Incorporated in Malaysia)  
**FOURTH QUARTER REPORT ENDED 31 OCTOBER 2013**

**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**

	<b>Individual period</b>		<b>Cumulative period</b>	
	Current year quarter <b>31.10.2013</b> RM'000	Preceding year corresponding quarter <b>31.10.2012</b> RM'000	Current year quarter <b>31.10.2013</b> RM'000	Preceding year corresponding quarter <b>31.10.2012</b> RM'000
<b>Continuing operations:</b>				
Income tax	(83)	(2)	(176)	(2)
Deferred tax	(21)	(1,022)	(1,024)	(829)
	(104)	(1,024)	(1,200)	(831)
<b>Discontinued operations:</b>				
Income tax	-	2,959	-	2,351
Deferred tax	-	(23)	-	1,666
	-	2,936	-	4,017
	(104)	1,912	(1,200)	3,186

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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(Company No : 618533-M)

(Incorporated in Malaysia)

**FOURTH QUARTER REPORT ENDED 31 OCTOBER 2013**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**18. 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 31 October 2013 are as follows:

	<b>Individual period</b>		<b>Cumulative period</b>	
	<b>Current year quarter 31.10.2013 RM'000</b>	<b>Preceding year corresponding quarter 31.10.2012 RM'000</b>	<b>Current year quarter 31.10.2013 RM'000</b>	<b>Preceding year corresponding quarter 31.10.2012 RM'000</b>
Revenue (Note 8)	-	114,785	37,520	424,345
Expenses	-	(106,028)	(36,061)	(395,718)
Profit from operations (Note 8)	-	8,757	1,459	28,627
Finance costs	-	(2,177)	(875)	(8,497)
Profit before taxation	-	6,580	584	20,130
Income tax expenses (Note 17)	-	2,936	-	4,017
Profit after taxation	-	9,516	584	24,147

**Statement of cash flow disclosures**

The cash flows attributable to discontinued operations as follows:

	<b>31.10.2013 RM'000</b>	<b>31.10.2012 RM'000</b>
Operating activities	194,059	40,239
Investing activities	(13,050)	(38,984)
Financing activities	(200,163)	10,649
Net cash (outflows)/inflows	(19,154)	11,904

**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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 (Incorporated in Malaysia)  
**FOURTH QUARTER REPORT ENDED 31 OCTOBER 2013**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**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 31 October 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 31.10.2013 RM'000</b>	<b>Balance not utilised as at 31.10.2013 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	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	9,138	10,862
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	-
		61,114	37,638	23,476



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**FOURTH QUARTER REPORT ENDED 31 OCTOBER 2013**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**22. BORROWINGS AND DEBT SECURITIES**

	<b>As at 31.10.2013 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	5,833	6,467
As per Statement of Financial Position	<u>11,295</u>	<u>16,187</u>
Borrowings classified as held for sales	-	205,888
Total Borrowings	<u>11,295</u>	<u>222,075</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 31 October 2013.



**ADVENTA BERHAD**

(Company No : 618533-M)

(Incorporated in Malaysia)

**FOURTH QUARTER REPORT ENDED 31 OCTOBER 2013**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**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 31 October 2013 are as follows:

	<b>Notional amount as at 31.10.2013 RM'000</b>	<b>Fair value as at 31.10.2013 RM'000</b>
Foreign currency forward contracts:		
Less than 1 year		
- Continuing operations	1,409	1,443
- Discontinued operations	-	-
	1,409	1,443

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 31.10.2013 RM'000</b>	<b>Preceding year corresponding quarter 31.10.2012 RM'000</b>	<b>Current year quarter 31.10.2013 RM'000</b>	<b>Preceding year corresponding quarter 31.10.2012 RM'000</b>
Foreign currency forward contracts:				
Gain/(Loss) arising from fair value changes				
- Continuing operations	(34)	(17)	(17)	(17)
- Discontinued operations	-	540	(13)	1,132
	(34)	523	(30)	1,115

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



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 (Incorporated in Malaysia)  
**FOURTH QUARTER REPORT ENDED 31 OCTOBER 2013**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

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

**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 <b>31.10.2013</b>	Preceding year corresponding quarter <b>31.10.2012</b>	Current year quarter <b>31.10.2013</b>	Preceding year corresponding quarter <b>31.10.2012</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	1,300	11,529	82,423	25,542
Less : Profit/(Loss) from continuing operations, net of tax, attributable to owners of the parent (RM'000)	1,300	2,055	81,834	1,349
Profit net of tax from discontinued operations attributable to owners of the parent (RM'000)	-	9,474	589	24,193
Weighted average number of Ordinary shares in issue ('000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	0.85	7.55	53.95	16.72
Basic earnings per share from continuing operations (sen)	0.85	1.35	53.56	0.88
Basic earnings per share from discontinued operations (sen)	-	6.20	0.39	15.83



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 (Incorporated in Malaysia)  
**FOURTH QUARTER REPORT ENDED 31 OCTOBER 2013**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**b) Diluted**

There were no diluted earnings per share.

**27. PROFIT BEFORE TAX**

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

	<b>Individual period 31.10.2013 RM'000</b>	<b>Cumulative period 31.10.2013 RM'000</b>
<b>Continuing Operations</b>		
Gain on disposal of investment in subsidiaries	-	(75,740)
Interest income	(194)	(1,585)
Other income	(45)	(75)
Interest expenses	165	645
Depreciation of property, plant and equipment	270	1,210
Net foreign exchange loss	39	88
Loss on derivatives	34	17
 <b>Discontinued Operations</b>		
Interest income	-	(30)
Other income	-	(26)
Interest expenses	-	881
Depreciation of property, plant and equipment	-	1,616
Net foreign exchange gain	-	(27)
Loss on derivatives	-	13

**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:

	<b>As at 31.10.2013 RM'000</b>	<b>As at 31.10.2012 RM'000</b>
<b>Group's total retained profits:</b>		
Realised	12,019	140,534
Unrealised	5,087	13,319
	<hr/> 17,106	<hr/> 153,853
Less: Consolidation adjustments	2,503	23,051
Retained profits as per financial statements	<hr/> 14,603	<hr/> 130,802



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(Company No : 618533-M)  
(Incorporated in Malaysia)  
**FOURTH QUARTER REPORT ENDED 31 OCTOBER 2013**  
**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

**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 23 December 2013.

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