



**ADVENTA BERHAD**  
(Company No : 618533-M)  
(Incorporated in Malaysia)  
**FIRST QUARTER REPORT ENDED 30 APRIL 2007**

**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

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

**1. BASIS OF PREPARATION**

The interim financial statements have been prepared on a historical basis except for leasehold buildings included within property, plant and equipment that have been measured at their fair values.

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 January 2007. These 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 January 2007.

**2. CHANGES IN ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 January 2007 except for the adoption of the new and revised Financial Reporting Standards ("FRS") as stated below:

		<b>Effective for period beginning on or after</b>
FRS 117	Leases	1 October 2006
FRS 124	Related Party Disclosures	1 October 2006
FRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2007
FRS 119 <sup>2004</sup>	Amendment to Financial Reporting Standard FRS 119 <sup>2004</sup> Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007

The new and revised FRS 6 and 119<sup>2004</sup> are not relevant to the operation of the Group. The adoption of the revised FRS 124 does not have significant financial impact on the Group.



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The principal effects of the change in accounting policies resulting for the adoption FRS 117 disclosed as follows:

**Leasehold land held for own use (FRS 117: Leases)**

Prior to 1 February 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at revalued amount less accumulated depreciation and impairment losses. Surpluses arising from revaluation are dealt with in the revaluation reserve accounts. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leasehold land. Such leasehold land will no longer be revalued. Leases of land are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land elements and buildings elements of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 February 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparatives have been restated. The effects on the consolidated balance sheet as at 30 April 2007 are set out below. There were no effects on the consolidated income statement for the quarter ended 30 April 2007.

	<b>As previously reported RM'000</b>	<b>Effect RM'000</b>	<b>As restated RM'000</b>
<b><u>Balance Sheet as at 30 April 2007</u></b>			
Property, plant and equipment	122,593	(9,780)	112,813
Prepaid land lease payments	-	9,780	9,780
<hr/>			
<b><u>Balance Sheet as at 31 January 2007</u></b>			
Property, plant and equipment	117,316	(9,827)	107,489
Prepaid land lease payments	-	9,827	9,827
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**3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The preceding audited financial statements for the period ended 31 January 2007 were not subject to any qualification.

**4. COMMENTS ABOUT SEASONAL, CYCLICAL AND EXCEPTIONAL FACTORS**

The Group's operation is not subject to seasonal or cyclical fluctuations. However, the main raw material, latex, is affected by the season, weather and supply-demand conditions.

**5. 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 2007.

**6. CHANGES IN ESTIMATES**

There were no changes in estimates that have had a material effect in the current quarter results.

**7. DEBTS AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

On 29 November 2005, 32,045,000 share options were granted to employees of the Company under the Company's Employees' Share Option Scheme ("ESOS"). Each option gives the holder the right to subscribe for one ordinary share of RM0.10 each of the Company at the exercise price of RM0.275.

On 30 June 2006, the number of share options were changed to 8,972,600 after the implementation of the Shares Consolidation and Bonus Issue. Each option gives the holder the right to subscribe for one ordinary share of RM0.50 each of the Company at the new exercise price of RM0.99. The scheme is to be in force for a period of 5 years from the date of implementation until year 2010. There was no share option vested during current quarter.

There has been no option exercised during the period from date of implementation until the end of this quarter.



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**8. DIVIDENDS PAID**

There were no dividends paid during the current quarter.

**9. SEGMENTAL INFORMATION**

	<b>1<sup>st</sup> Quarter</b>		<b>Cumulative</b>	
	<b>30.04.2007</b>	<b>30.04.2006</b>	<b>30.04.2007</b>	<b>30.04.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Segment Revenue</u></b>				
Healthcare products	85,009	59,824	85,009	59,824
Energy provider	3,031	2,106	3,031	2,106
Others	330	195	330	195
Total revenue including inter-segment sales	88,370	62,125	88,370	62,125
Elimination of inter-segment sales	(42,909)	(21,880)	(42,909)	(21,880)
<b>Total</b>	<b>45,461</b>	<b>40,245</b>	<b>45,461</b>	<b>40,245</b>

	<b>1<sup>st</sup> Quarter</b>		<b>Cumulative</b>	
	<b>30.04.2007</b>	<b>30.04.2006</b>	<b>30.04.2007</b>	<b>30.04.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Segment Results</u></b>				
Healthcare products	4,126	3,792	4,126	3,792
Energy provider	1,242	559	1,242	559
Others	(165)	(177)	(165)	(177)
Elimination	(238)	(389)	(238)	(389)
<b>Total</b>	<b>4,965</b>	<b>3,785</b>	<b>4,965</b>	<b>3,785</b>

**10. 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 except for the reclassification of leasehold land as prepaid lease payments which has been accounted for retrospectively as disclosed in Note 2.



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**11. SUBSEQUENT EVENTS**

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

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

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

**13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

As at 30 April 2007, the Company has outstanding contingent liabilities amounting to RM115.6 million (2006 : RM42.62 million) being corporate guarantees given to financial institutions and suppliers for banking facilities and material supplies to the Group's subsidiaries.

**14. 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 2007 is as follows:

Approved and contracted for	<b>RM'000</b> <u>14,013</u>
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**15. PERFORMANCE REVIEW**

The Group revenue of RM45.46 million for the current quarter under review was 13% higher compared with RM40.25 million for the same quarter of the previous year. Group profit before tax for the current quarter at RM3.99 million was 15% higher compared to RM3.48 million of the same quarter of the previous year.

The increase in revenue and profit before tax came from increased in sales and production.



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

The Group recorded sales revenue of RM45.46 million for the current quarter as compared to RM47.92 million in the preceding quarter, showing a decrease of 5%.

Group profit before tax for the current quarter at RM3.99 million was lowered by 45% compared to RM7.25 million in the preceding quarter.

The decrease in profit was due to 30% increased in the average latex price compared to the preceding quarter. Additionally, the fast appreciating Ringgit Malaysia in the quarter has dented the anticipated margin.

**17. COMMENTARY ON CURRENT YEAR PROSPECTS**

The Group continues with the expansion of its business according to plan and aims to achieve a strong market share of the surgical glove worldwide. It is also making changes to increase the operating margin. With the full commitment of the management team and continuous improvement of product quality, the Group is confident of achieving better results in the forthcoming quarters.

**18. PROFIT FORECAST**

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

**19. TAXATION**

	1 <sup>st</sup> Quarter		Cumulative	
	30.04.2007	30.04.2006	30.04.2007	30.04.2006
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Income tax	10	40	10	40
Deferred tax	(172)	(78)	(172)	(78)
	<u>(162)</u>	<u>(38)</u>	<u>(162)</u>	<u>(38)</u>

The effective tax rate of the Group is lower than that of the statutory tax rate due to availability of reinvestment allowances from capital expenditure incurred by certain subsidiaries and profits exempted under pioneer status for a period of 5 years and International Procurement Centre ("IPC") status by Malaysian Industrial Development Authority ("MIDA") for a period of 10 years granted to certain subsidiaries, subject to all the criterias set are met.



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**20. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES**

There was no sale of unquoted investments and properties during the financial period under review.

**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 2007.

**23. BORROWINGS AND DEBT SECURITIES**

	<b>As at 30.04.2007 RM'000</b>	<b>As at 31.01.2007 RM'000</b>
<b>Short Term Borrowings:</b>		
Secured	33,378	29,603
Unsecured	-	-
	<hr/> 33,378	<hr/> 29,603
<b>Long Term Borrowings:</b>		
Secured	51,570	44,705
Unsecured	-	-
	<hr/> 51,570	<hr/> 44,705
<b>Total Borrowings</b>	<hr/> 84,948	<hr/> 74,308



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**24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no financial instruments with material off balance sheet risk at the date of this quarterly report except for the following:

	<b>Contracted amount in United States Dollar (‘000)</b>	<b>Equivalent amount in Ringgit Malaysia (‘000)</b>
Forward foreign exchange contracts	1,806	6,201

The Group entered into forward foreign exchange contracts to hedge against foreign currency exchange risk. All the above contracts mature within two to three months from the date of this quarterly report.

**25. 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.

**26. DIVIDEND PAYABLE**

No interim ordinary dividend has been declared for the financial period ended 30 April 2007.





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**27. EARNINGS PER SHARE**

**(a) Basis**

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	<b>1<sup>st</sup> Quarter</b>		<b>Cumulative</b>	
	<b>30.04.2007</b>	<b>30.04.2006 (restated)</b>	<b>30.04.2007</b>	<b>30.04.2006 (restated)</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	4,210	3,511	4,210	3,511
Weighted average number of ordinary shares in issue ('000)	126,000	126,000	126,000	126,000
Basic earnings per share (sen)	3.34	2.79	3.34	2.79

**(b) Diluted**

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.



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	<b>1<sup>st</sup> Quarter</b>		<b>Cumulative</b>	
	<b>30.04.2007</b>	<b>30.04.2006 (restated)</b>	<b>30.04.2007</b>	<b>30.04.2006 (restated)</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	4,210	3,511	4,210	3,511
Weighted average number of ordinary shares in issue ('000)	126,000	126,000	126,000	126,000
Effects of dilution: Share options ('000)	-	58	-	58
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	126,000	126,058	126,000	126,058
Diluted earnings per share (sen)	3.34	2.79	3.34	2.79

**28. 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 2007.

**By Order of the Board**  
**Adventa Berhad**

**CHUA SIEW CHUAN**  
 Company Secretary MAICSA 0777689