



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

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 <sub>2004</sub>	Amendment to Financial Reporting Standard FRS 119 <sub>2004</sub> Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007

The new and revised FRS 6 and 119<sub>2004</sub> 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 31 October 2007 are set out below. There were no effects on the consolidated income statement for the quarter ended 31 October 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 31 October 2007</u></b>			
Property, plant and equipment	135,102	(9,966)	125,136
Prepaid land lease payments	-	9,966	9,966
<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 31 October 2007.

**6. CHANGES IN ESTIMATES**

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



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**7. DEBTS AND EQUITY SECURITIES**

Save as disclosed below, 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 was 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.

During the current quarter ended quarter ended 31 October 2007, a total of 688,160 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the ESOS. The details of the issued and paid-up capital of the Company as at 31 October 2007 are as follows:

	<b>No. of shares</b>	<b>RM</b>
As at 31 July 2007	128,486,040	64,243,020
Ordinary shares issued pursuant to the ESOS	688,160	344,080
As at 31 October 2007	<u>129,174,200</u>	<u>64,587,100</u>

**8. DIVIDENDS PAID**

On 26 July 2007 the Company has paid a final dividend for the financial year ended 31 January 2007 of 3 sen per share comprising 3 sen tax exempt on the enlarged capital of RM63,684,490 representing 127,368,980 ordinary shares of RM0.50 each amounting to RM3.82 million which was approved by the shareholders at an Annual General Meeting ("AGM") held on 27 June 2007.



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**9. SEGMENTAL INFORMATION**

	<b>3<sup>rd</sup> Quarter</b>		<b>Cumulative</b>	
	<b>31.10.2007</b>	<b>31.10.2006</b>	<b>31.10.2007</b>	<b>31.10.2006</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	108,810	88,174	296,676	232,614
Energy provider	2,866	2,051	8,950	6,185
Others	330	195	990	585
Total revenue including inter-segment sales	112,006	90,420	306,616	239,384
Elimination of inter-segment sales	(46,245)	(44,464)	(144,343)	(113,777)
<b>Total</b>	<b>65,761</b>	<b>45,956</b>	<b>162,273</b>	<b>125,607</b>

	<b>3<sup>rd</sup> Quarter</b>		<b>Cumulative</b>	
	<b>31.10.2007</b>	<b>31.10.2006</b>	<b>31.10.2007</b>	<b>31.10.2006</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	7,264	3,031	15,385	9,798
Energy provider	841	617	3,205	1,784
Others	(189)	(670)	(543)	(1,125)
Elimination	(1,547)	(298)	(833)	(740)
<b>Total</b>	<b>6,369</b>	<b>2,680</b>	<b>17,214</b>	<b>9,717</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 except as stated below:

On 30 November 2007, the Company had entered into a share sales agreement (SSA) to acquire 372,000 ordinary shares of RM1.00 each in Utama Associates Sdn Bhd representing 60% equity interest for a total cash consideration of RM700,000.

Completion of the SSA shall take place upon the registration of the transfer of the entire Sale Shares in favour of Adventa or its nominees and the completion of the Utama's acquisition of all the shares in Sun Healthcare (M) Sdn Bhd and making Sun Healthcare (M) Sdn Bhd wholly owned subsidiary of Utama Associates Sdn Bhd.

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

During the current quarter the Company had incorporated and acquired the companies as stated below:

- a) The Company's wholly owned subsidiary, Cozena Limited had incorporated a new subsidiary in Sri Lanka, namely Infumax (Private) Limited with a paid-up capital of Rs. 1 million.
- b) The acquisition of 100% equity interest of Confidex Sdn Bhd for a total cash consideration of RM100,000.

The inclusion of the above subsidiaries to the Group does not have any material effect on the earnings per share and net tangible assets per share of the Company.

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

As at 31 October 2007, the Company has outstanding contingent liabilities amounting to RM190.1 million (2006: RM115.6 million) being corporate guarantees given to financial institutions and suppliers for banking facilities and material supplies to the Group's subsidiaries.



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**14. 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 2007 is as follows:

Approved and contracted for	<b>RM'000</b> <u>10,278</u>
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**15. PERFORMANCE REVIEW**

The Group's revenue of RM65.76 million for the current quarter is 43% higher than the comparative quarter last year. Profit before tax for this quarter is RM5.27 million which is 149.6% higher comparatively.

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

The Group recorded sales of RM65.76 million for the quarter against RM51.05 million in the preceding quarter, an increase of 29%.

Group profit before tax for the quarter at RM5.27 million has increased by 15% compared to RM4.58 million in the last quarter.

**17. COMMENTARY ON CURRENT YEAR PROSPECTS**

The Company continues with its business expansion plan in both glove sector and non glove hospital products sector. The acquisition of Utama Associates Sdn Bhd enables the Group to get inroads into the distribution business, which is backed by its manufacturing operation. The synergistic benefits arising from the combined marketing activities would also expands the business activities into a broader market of medical and healthcare products, devices and appliances.

Current achievements are impacted by the rise of the Ringgit against the US Dollar. However the Group is optimistic to perform within expectation for the remaining months of current year.



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**18. PROFIT FORECAST**

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

**19. TAXATION**

	<b>3<sup>rd</sup> Quarter</b>		<b>Cumulative</b>	
	<b>31.10.2007</b>	<b>31.10.2006</b>	<b>31.10.2007</b>	<b>31.10.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>(restated)</b>		<b>(restated)</b>
Income tax	(12)	40	138	136
Deferred tax	220	(47)	(569)	(186)
	<u>208</u>	<u>(7)</u>	<u>(431)</u>	<u>(50)</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 criterions set are met.

**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.





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**22. 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 2007 except as follows:

On 23<sup>rd</sup> October 2007, the Company via its adviser announced that Adventa Berhad has proposed to undertake a private placement of new ordinary shares of RM0.50 each in Adventa representing up to 10% of the issued and paid up share capital of the Company at an issue price to be determined by the Board at a later date.

On 21<sup>st</sup> November 2007, Kenanga Investment Bank Berhad (“KIBB”) on behalf of the Board of Directors of Adventa announced that the Securities Commission (“SC”) and the Foreign Investment Committee (“FIC”) (via the SC) had vide its letter dated 20 November 2007 approved the Proposed Private Placement.

On 26<sup>th</sup> November 2007, KIBB on behalf of the Board of Directors of Adventa announced that Bursa Malaysia Securities Berhad had, vide its letter dated 23rd November 2007, approved in-principal the listing of up to 13,366,110 new ordinary shares of RM0.50 each representing up to 10% of the issued and paid up share capital of Adventa to be issued pursuant to the Proposed Private Placement.

On 14<sup>th</sup> December 2007, KIBB on behalf of the Board of Directors of Adventa announced that the Board has fixed the issue price for the first tranche placement of 9,000,000 new ordinary shares of RM0.50 each in Adventa (“Placement Shares”) to be issued pursuant to the Private Placement at an issue price of RM1.56 per Placement Shares (“Issue Price”). The Issue Price represents a premium of approximately 9.9% to the five market day volume weighted average market price of Adventa shares from 7<sup>th</sup> December 2007 to 13<sup>th</sup> December 2007 of RM1.42.



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**23. BORROWINGS AND DEBT SECURITIES**

	<b>As at 31.10.2007 RM'000</b>	<b>As at 31.01.2007 RM'000</b>
<b>Short Term Borrowings:</b>		
Secured	32,181	29,603
Unsecured	-	-
	32,181	29,603
<b>Long Term Borrowings:</b>		
Secured	49,266	44,705
Unsecured	-	-
	49,266	44,705
<b>Total Borrowings</b>	81,447	74,308

**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	10,974	37,343
	10,974	37,343

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.



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**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 31 October 2007.

**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>3<sup>rd</sup> Quarter</b>		<b>Cumulative</b>	
	<b>31.10.2007</b>	<b>31.10.2006 (restated)</b>	<b>31.10.2007</b>	<b>31.10.2006 (restated)</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	5,043	2,115	14,286	8,303
Weighted average number of ordinary shares in issue ('000)	129,174	126,000	129,174	126,000
Basic earnings per share (sen)	3.90	1.68	11.06	6.59



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**(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.

	<b>3<sup>rd</sup> Quarter</b>		<b>Cumulative</b>	
	<b>31.10.2007</b>	<b>31.10.2006 (restated)</b>	<b>31.10.2007</b>	<b>31.10.2006 (restated)</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	5,043	2,115	14,286	8,303
Weighted average number of ordinary shares in issue ('000)	129,174	126,000	129,174	126,000
Effects of dilution: Share options ('000)	406	5	406	5
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	129,580	126,005	129,580	126,005
Diluted earnings per share (sen)	3.89	1.68	11.02	6.59



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**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 18 December 2007.

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

**CHUA SIEW CHUAN**  
Company Secretary MAICSA 0777689