



ADVENTA BERHAD
(Company No : 618533-M)
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 JULY 2010

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 October 2009. 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 October 2009.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding audited financial statements for the period ended 31 October 2009 were not subject to any qualification.

3. COMMENTS ABOUT SEASONAL, CYCLICAL AND EXCEPTIONAL FACTORS

There was no cyclical factors 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 July 2010.



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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

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 July 2010, a total of 1,543,600 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 July 2010 are as follows:

	No. of shares	RM
As at 30 April 2010	149,450,570	74,725,285
Ordinary shares issued pursuant to the ESOS	1,543,600	771,800
As at 31 July 2010	<u>150,994,170</u>	<u>75,497,085</u>

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 31.07.2010 RM'000	Preceding year corresponding quarter 31.07.2009 RM'000	Current year quarter 31.07.2010 RM'000	Preceding year corresponding quarter 31.07.2009 RM'000
<u>Segment Revenue</u>				
Healthcare products	163,972	130,762	436,685	373,907
Energy provider	3,095	3,903	10,599	11,285
Others	890	2,390	4,170	7,170
Total revenue including inter-segment sales	167,957	137,055	451,454	392,362
Elimination of inter-segment sales	(80,573)	(64,356)	(206,296)	(184,243)
Total	87,384	72,699	245,158	208,119

	Individual period		Cumulative period	
	Current year quarter 31.07.2010 RM'000	Preceding year corresponding quarter 31.07.2009 RM'000	Current year quarter 31.07.2010 RM'000	Preceding year corresponding quarter 31.07.2009 RM'000
<u>Segment Results</u>				
Healthcare products	11,042	8,324	34,885	13,721
Energy provider	960	1,372	3,561	4,229
Others	111	1,838	1,818	5,285
Elimination	(2,155)	(4,664)	(9,948)	(6,522)
Total	9,958	6,870	30,316	16,713

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. SUBSEQUENT EVENTS

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 except that:

On 15 June 2010, the Board of Directors of Adventa Berhad (“Adventa”) announced that the Company had re-organised the group structure by transferring the entire equity interest in Sun Healthcare (M) Sdn. Bhd. (“Sun Healthcare”) held by its wholly-owned subsidiary, Utama Associates Sdn. Bhd. (“Utama Associates”) to Adventa.

The contingent upon the above re-organisation, Sun Healthcare will cease to be the subsidiary of Utama Associates and will become a 100% wholly-owned subsidiary of Adventa.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 31 July 2010, the Company has outstanding contingent liabilities amounting to RM249 million being corporate guarantees given to financial institutions and suppliers for banking facilities and material supplies to the Group’s subsidiaries.

13. CAPITAL COMMITMENTS

The amount of commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 31 July 2010 is as follows:

Approved and contracted for	RM’000 <u>15,743</u>
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**PART B – ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF
 BURSA MALAYSIA LISTING REQUIREMENTS**

14. PERFORMANCE REVIEW

	3rd Quarter ended 31 July 2010 RM'000	3rd Quarter ended 31 July 2009 RM'000	Changes RM'000	%
Revenue	87,384	72,699	14,685	20.2
Profit before tax	8,479	5,652	2,827	50.0

The Group's revenue and profit before tax improved 20.2% and 50.0% respectively compared to the comparative quarter last year. The improvement in revenue and profit before tax is attributed to the continuous expansion in production capacity and improvement in the distribution business. Profit before tax of the third quarter ended 31 July 2009 is lower due to higher provision of forex hedging.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	3rd Quarter 2010 RM'000	2nd Quarter 2010 RM'000	Changes RM'000	%
Revenue	87,384	81,133	6,251	7.7
Profit before tax	8,479	7,729	750	9.7

The Group revenue and profit before tax was 7.7% and 9.7% higher compared to the preceding quarter. This marginal improvement is mainly due to the higher production utilisation rate.



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16. COMMENTARY ON CURRENT YEAR PROSPECTS

The surgical glove business improved better than expected in higher firm orders for the next quarter. Capacity installed in the second quarter will come on stream next quarter, meeting the increased demand.

There are some reasons for concern in the direction of the US Dollar against the Ringgit. Margins are affected by the continuous fall in US Dollar and this will require more frequent sales price adjustments and the lag effect will have an advance impact on income.

Rubber latex is quite high and remained uncharacteristically resilient. We do not expect a significant fall in raw material prices in the last quarter of the year.

Revenue is forecast to increase for the remaining period of the year with better contribution from all subsidiaries. Especially noticeable is the distribution business that has achieved growth of more than 20 % after a slower first two quarter.

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 31.07.2010 RM'000	Preceding year corresponding quarter 31.07.2009 RM'000	Current year quarter 31.07.2010 RM'000	Preceding year corresponding quarter 31.07.2009 RM'000
Income tax	56	5	170	127
Deferred tax	228	1,117	2,067	629
	284	1,122	2,237	756

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.



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19. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

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 July 2010.

22. BORROWINGS AND DEBT SECURITIES

	As at 31.07.2010 RM'000	As at 31.10.2009 RM'000
Secured:		
Short Term Borrowings	58,417	57,317
Long Term Borrowings	65,311	58,493
Total Borrowings	<u>123,728</u>	<u>115,810</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.



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24. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 31 July 2010.

25. 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 31.07.2010	Preceding year corresponding quarter 31.07.2009	Current year quarter 31.07.2010	Preceding year corresponding quarter 31.07.2009
Profit attributable to ordinary equity holders of the parent (RM'000)	8,198	4,584	24,001	11,605
Weighted average number of ordinary shares in issue ('000)	148,638	143,551	148,638	143,551
Basic earnings per share (sen)	5.52	3.19	16.15	8.08



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(b) Diluted

	Individual period		Cumulative period	
	Current year quarter 31.07.2010	Preceding year corresponding quarter 31.07.2009	Current year quarter 31.07.2010	Preceding year corresponding quarter 31.07.2009
Profit attributable to ordinary equity holders of the parent (RM'000)	8,198	4,584	24,001	11,605
Weighted average number of ordinary shares in issue ('000)	148,638	143,551	148,638	143,551
Effects of dilution: Share options ('000)	505	-	505	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	149,143	143,551	149,143	143,551
Diluted earnings per share (sen)	5.50	3.19	16.09	8.08

26. 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 September 2010.

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