



**ADVENTA BERHAD**  
 (Company No : 618533-M)  
 (Incorporated in Malaysia)  
**FIRST QUARTER REPORT ENDED 31 JANUARY 2012**  
**UNAUDITED NOTES TO FINANCIAL STATEMENTS**

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

**1. BASIS OF PREPARATION**

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 2011. 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 year ended 31 October 2011.

**Change in accounting policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 October 2011 except for the adoption of new or revised FRSS, Amendment to FRSS and IC Interpretations effective for financial year beginning 1 November 2011.

		<b>Effective for annual periods beginning on or after</b>
		<hr/>
Improvements to FRSS	(2010)	1 January 2011
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-Time Adopters	1 January 2011
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
TR 3	Guidance a Disclosure of Transition to IFRSs	1 January 2011
Tri - 4	Shariah Compliant Sale Contracts	1 January 2011



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		<b>Effective for annual periods beginning on or after</b>
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	1 July 2011

The adoption of the above standards and interpretations do not have significant impact to the interim financial performance or position of the Group.

**Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, The Malaysia Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysia Financial Reporting Standards (MFRS Framework).

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 October 2013.

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

The preceding audited financial statements for the year ended 31 October 2011 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 January 2012.



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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 31.01.2012 RM'000	Preceding year corresponding quarter 31.01.2011 RM'000	Current year quarter 31.01.2012 RM'000	Preceding year corresponding quarter 31.01.2011 RM'000
<b><u>Segment Revenue</u></b>				
Healthcare products	184,692	187,209	184,692	187,209
Energy provider	2,867	3,583	2,867	3,583
Others	2,555	1,555	2,555	1,555
Total revenue including inter-segment sales	190,114	192,347	190,114	192,347
Elimination of inter-segment sales	(86,300)	(86,158)	(86,300)	(86,158)
<b>Total</b>	<b>103,184</b>	<b>106,189</b>	<b>103,184</b>	<b>106,189</b>

	Individual period		Cumulative period	
	Current year quarter 31.01.2012 RM'000	Preceding year corresponding quarter 31.01.2011 RM'000	Current year quarter 31.01.2012 RM'000	Preceding year corresponding quarter 31.01.2011 RM'000
<b><u>Segment Results</u></b>				
Healthcare products	3,540	3,187	3,540	3,187
Energy provider	357	1,896	357	1,896
Others	286	795	286	795
Elimination	(208)	(879)	(208)	(879)
<b>Total</b>	<b>3,975</b>	<b>4,999</b>	<b>3,975</b>	<b>4,999</b>

**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. EVENTS AFTER THE REPORTING PERIOD**

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.

**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 31 January 2012 is as follows:

Approved and contracted for	<b>RM'000</b> <u>9,284</u>
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**PART B – ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF  
 BURSA MALAYSIA LISTING REQUIREMENTS**

**14. PERFORMANCE REVIEW**

	<b>1<sup>st</sup> Quarter ended 31 January 2012 RM'000</b>	<b>1<sup>st</sup> Quarter ended 31 January 2011 RM'000</b>	<b>Changes RM'000</b>	<b>%</b>
Revenue	103,814	106,189	(2,375)	(2)
Profit before tax	2,027	3,443	(1,416)	(41)

The Group's revenue dropped 2% over corresponding quarter due to a reduction in orders for latex examination gloves as many markets are switching to synthetic nitrile material. Although the Group has new nitrile exam gloves manufacturing capacity, it is insufficient to meet the change in demand. Profit before tax dipped 41% over corresponding period from margin compression, foreign exchange loss and higher finance cost.

The examination gloves segment performed well in comparison with the other segment with the Nitrile gloves compensating the loss in latex examination gloves orders. Nitrile gloves continue to increase in usage in developed countries, replacing natural latex gloves. This phenomenon is expected to continue.

The surgical gloves segment lagged more than expected, with lower operating margin in comparison. This segment, ever sensitive to currency fluctuation and material cost will improve with more stable latex prices.



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

	<b>1<sup>st</sup> Quarter ended 31 January 2012 RM'000</b>	<b>4<sup>th</sup> Quarter ended 31 October 2011 RM'000</b>	<b>Changes RM'000</b>	<b>%</b>
Revenue	103,814	115,892	(12,078)	(10)
Profit/(loss) before tax	2,027	(3,662)	5,689	155

The recovery from the last quarter is attributed by the completion of the re-construction of the building after the fire incident coupled with the softening latex price.

**16. COMMENTARY ON CURRENT YEAR PROSPECTS**

The next three quarters should see an improvement in sales compared to the first quarter, with more nitrile glove capacity coming on stream. Latex gloves remain weak. The dental gloves segment is expected to maintain its contribution.

Raw material prices are expected to stabilise in the third quarter. The global economic climate does not look capable of recovering fast enough to create an upward pressure on rubber prices like in 2011. This means that longer term commitments with surgical gloves sales are more likely to contribute improvement in margins.

The Group is working on better efficiencies in the operations to improve competitiveness and reduce sensitivity to fluctuating raw material costs.

**17. PROFIT FORECAST**

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



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**18. TAXATION**

	Individual period		Cumulative period	
	Current year quarter 31.01.2012 RM'000	Preceding year corresponding quarter 31.01.2011 RM'000	Current year quarter 31.01.2012 RM'000	Preceding year corresponding quarter 31.01.2011 RM'000
Income tax	(92)	(6)	(92)	(6)
Deferred tax	584	649	584	649
	492	643	492	643

The effective tax rate of the Group is higher than that of the statutory tax rate due to certain non-deductible expenses.

**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 January 2012.





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**22. BORROWINGS AND DEBT SECURITIES**

	As at <b>31.01.2012</b> RM'000	As at <b>31.10.2011</b> RM'000
<b>Secured:</b>		
Short Term Borrowings	76,428	93,401
Long Term Borrowings	122,097	96,617
Total Borrowings	<u>198,525</u>	<u>190,018</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 January 2012.



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**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 January 2012 are as follows:

	<b>Notional amount as at 31.01.2012 RM'000</b>	<b>Fair value as at 31.01.2012 RM'000</b>
Foreign currency forward contracts:		
Less than 1 year	39,575	38,610

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 31.01.2012 RM'000</b>	<b>Preceding year corresponding quarter 31.01.2011 RM'000</b>	<b>Current year quarter 31.01.2012 RM'000</b>	<b>Preceding year corresponding quarter 31.01.2011 RM'000</b>
Foreign currency forward contracts:				
Gain arising from fair value changes	154	332	154	332

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

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



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**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 31.01.2012	Preceding year corresponding quarter 31.01.2011	Current year quarter 31.01.2012	Preceding year corresponding quarter 31.01.2011
Profit attributable to ordinary equity holders of the parent (RM'000)	2,711	4,050	2,711	4,050
Weighted average number of Ordinary shares in issue ('000)	152,786	152,786	152,786	152,786
Basic earnings per share (sen)	1.77	2.65	1.77	2.65

**b) Diluted**

There were no diluted earnings per share.



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**27. PROFIT BEFORE TAX**

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

	<b>Individual period 31.01.2012 RM'000</b>	<b>Cumulative period 31.01.2012 RM'000</b>
Interest income	(127)	(127)
Other income	(148)	(148)
Interest expenses	1,948	1,948
Depreciation of property, plant and equipment	4,079	4,079
(Gain)/loss on disposal of property, plant and equipment	-	-
(Gain)/loss on disposal of investment	-	-
Provision for and write off of inventories	-	-
Provision for and write off of receivables	-	-
Net foreign exchange loss	1,241	1,241
(Gain)/loss on derivatives	(154)	(154)
Exceptional items	-	-

**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 31.01.2012 RM'000</b>	<b>As at 31.10.2011 RM'000</b>
<b>Group's total retained profits:</b>		
Realised	105,452	119,779
Unrealised	13,190	7,176
	<hr/> 118,642	<hr/> 126,955
Less: Consolidation adjustments	10,671	21,695
Retained profits as per financial statements	<hr/> 107,971	<hr/> 105,260



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**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 26 March 2012.

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