



ADVENTA
ADVENTA BERHAD (618533-M)

ADVENTA BERHAD (618533-M)

ANNUAL REPORT 2010

www.adventa.com.my

Inspiring Innovations



annual report 2010
for the financial year ended 31 October 2010



ADVENTA

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Corporate Information

BOARD OF DIRECTORS

EDMOND CHEAH SWEE LENG

Chairman/Senior Independent Non-Executive Director

LOW CHIN GUAN

Managing Director

KWEK SIEW LENG

Executive Director

TOH SENG THONG

Independent Non-Executive Director

DATO' DR. NORRAESAH BINTI HAJI MOHAMAD

Independent Non-Executive Director



AUDIT COMMITTEE

Chairman

Toh Seng Thong

Members

Edmond Cheah Swee Leng

Dato' Dr. Norraesah Binti Haji Mohamad

NOMINATION COMMITTEE

Chairman

Edmond Cheah Swee Leng

Member

Toh Seng Thong

REMUNERATION COMMITTEE

Chairman

Edmond Cheah Swee Leng

Members

Low Chin Guan

Toh Seng Thong

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Chairman

Low Chin Guan

Member

Kwek Siew Leng

COMPANY SECRETARY

Chua Siew Chuan (MAICSA 0777689)

Pan Seng Wee (MAICSA 7034299)

REGISTERED OFFICE

1, Jalan 8, Pengkalan Chepa 2 Industrial Zone
16100 Kota Bharu, Kelantan

Tel : 09-774 4332 Fax : 09-771 3072

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara

Damansara Heights
50490 Kuala Lumpur

Tel : 03-2084 9000 Fax : 03-2094 9940

PRINCIPAL BANKERS

AmBank (M) Berhad

Export-Import Bank of Malaysia Berhad

HSBC Bank Malaysia Berhad

OCBC Bank (Malaysia) Berhad

RHB Bank Berhad

RHB Islamic Bank Berhad

Standard Chartered Bank Malaysia Berhad

AUDITORS

Ernst & Young

Chartered Accountants

Tingkat 4, Bangunan PKINK

Jalan Tengku Maharani

15000 Kota Bharu

Kelantan

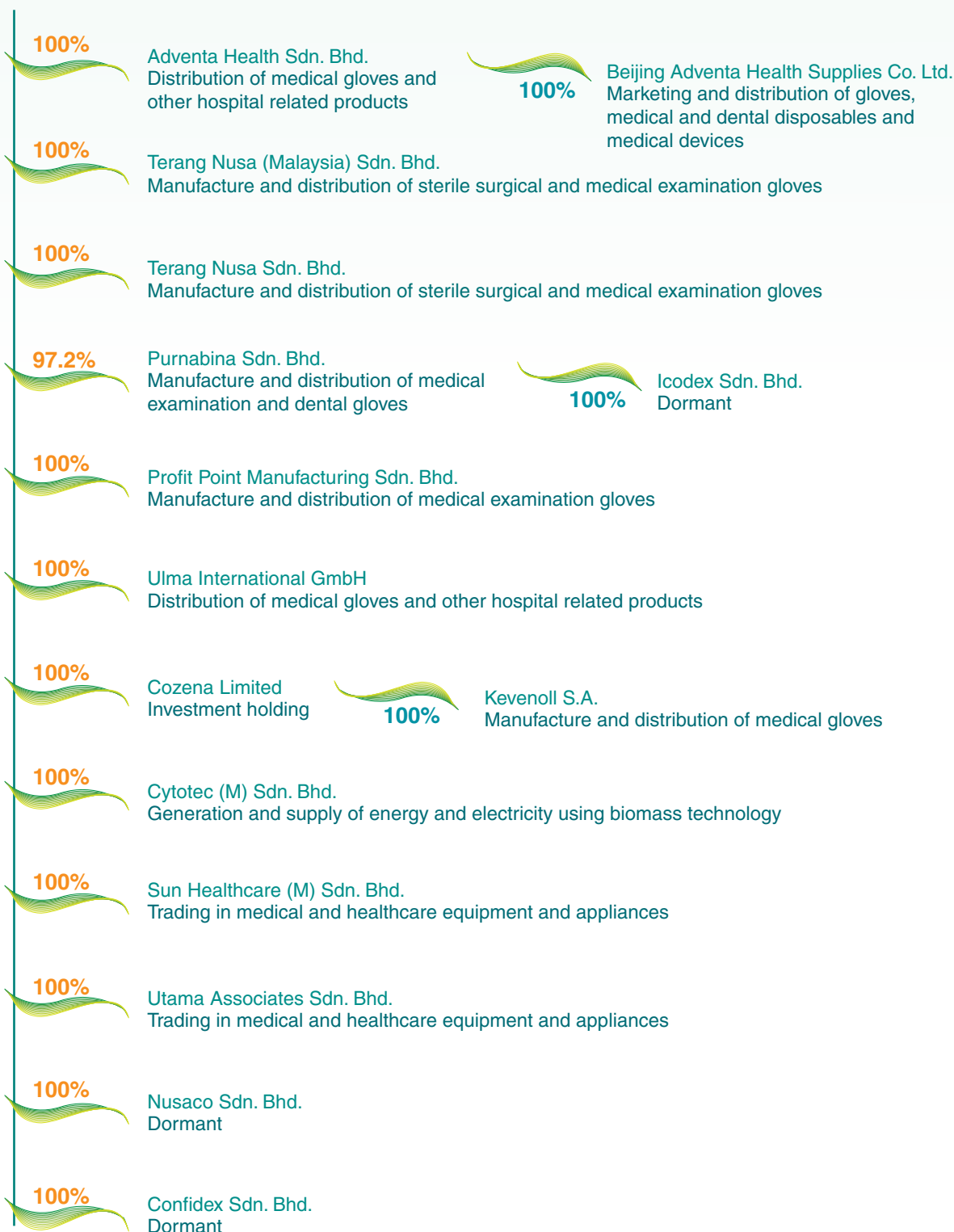
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Group Corporate Structure



ADVENTA BERHAD



Chairman & Managing Director's Statement

The Group delivered another exciting year in performance, improving on its revenue and income despite a strong rise in raw material costs and a slow global economy. The Group kept pace with the market and increased revenue from its core surgical glove business. The slow global recovery restrained increases in spending by healthcare providers just like it did in other sectors, shifting purchases to more conservative and austere modes.

Raw material costs continue to move upwards relentlessly, driven by commodity speculations and weather-induced production shortfalls. This has created a significant negative factor against natural rubber examination gloves, where fulfilling contracts becomes a negative margin trade. Examination gloves typically have as high as 70% material related costs, with average increases of almost 3% each month for the year erasing margins quickly.

In a forward looking plan, the Group has discontinued products with low margins and re-focused production

on better margined products. Sales of latex examination gloves are so competitive in certain markets that they actually drag down the Group's overall profitability. A new strategy has been rolled out to convert end-users to synthetic latex that has effectively become cheaper than natural latex. The Group's latex examination products are being converted to synthetic lines. On the other hand, surgical gloves are largely natural latex based, due to the high requirement for elasticity. Therefore passing on the cost to the customers is easier, albeit with a time lag.

The main risks that the Group faced in the year were Strategic Risks and Economic Risks. The Strategic Risks are the changing markets in various parts of the world, the dynamic competitiveness from costs and consolidation of distributors as well as innovation in the market in terms of products and medical technology. To manage this, the Group implemented improved efficiency in its manufacturing via automation and also differentiated products to get better values without resorting to discounts.



Chairman & Managing Director's Statement *cont'd*

The Economic Risks are more difficult to contain as the high global liquidity coupled with higher consumption in China and India are fuelling raw material prices to historically high levels. Additionally, the main trading currency, the US Dollar, is still volatile. The Group's view is that material costs will continue to move upwards for the next 9 months with the US Dollar trading just above the RM3.00 mark. Therefore to address this, short-term operation hedging is taken on currency and physical raw materials. More funds have also been allocated for research to find alternative substitutes for materials.

The Group achieved revenue of RM341.8m this year compared to RM282.7m last year, a 21% increase. EBITA increased from RM33.9m to RM50.4m, a 48.7% increase, reflecting the higher investments in new equipment. Overall net profit after tax improved by 108% compared to the last financial year at RM35.1m.

Surgical Glove Business

The Group will continue to invest in research to develop and bring innovative new products to the market. This has been the strength and competency of the Group, making its products readily acceptable by the healthcare market. The EU Patent Office has approved a patent for one of our products.

The Group has added new production capacity and an exciting new product has been launched. This is expected to add about 5% to the revenue of the Group within 2 years. The Group has invested and will continue to invest to make it the world's largest producer of surgical gloves by the year 2013.

The Group's surgical glove sector grew 16% this year compared to a global growth of 7%. A significant portion of the gain came from developed markets like Western Europe, confirming the superiority of the Group's products.

Although higher costs have affected margins currently, this is expected to improve as the cost is passed on to the customers.

Examination Gloves Business

As natural latex continues to increase in price, the market is expected to switch partially to synthetic materials due to the lower price. This will affect the Group's latex examination gloves sales globally except in South America where the preference is still very strong.

The operation in Uruguay, which supports the South American sales, has improved in revenue although it has yet to achieve full profitability. With higher revenue and better production efficiency, it is expected to turn into profit

this coming year. The manufacturing facility has improved in capacity and yield and has also shown an improvement in selling prices. It is expected to be running at full capacity by the end of next year, contributing positively to the Group.

The Group has also invested in a new Nitrile examination glove plant in Kluang, to be commissioned by January 2011. This will give the Group's customers the choice to switch to synthetic latex gloves as well as enable the Group to expand into the growing European and US market. The high efficiency plant will be more competitive in terms of costs as well as producing above average market quality.

Distribution Business

The distribution business is still small compared to the Group's total revenue but it is growing well on the back of an increased product range and customer base. The Group expects this to continue growing aggressively with improving trading margins from procurement efficiency. Logistics have been developed to shorten deliveries to end-users and shall set the standard for distribution deliveries in Malaysia. The three national sales businesses have now been consolidated into one unit operating out of a single service and logistics center.

Future Outlook

Market growth in the Group's products will continue, enabling organic growth within the Group. Future risks that may impact the Group are the Economic Risks described earlier. However the improved manufacturing efficiencies and volume should mitigate this to a manageable level. The surgical glove business shall grow faster than the market and the new plants for synthetic examination gloves as well as improved output and efficiency at the Uruguay facility bode well for the Group in the coming year.

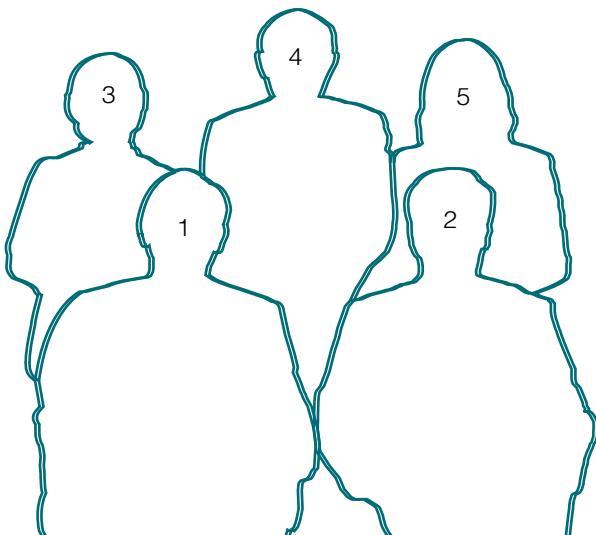
On behalf of the Board, we would like to record our gratitude to our loyal customers, suppliers, business partners and shareholders for their continuous support and confidence in the Group.

A special note of appreciation goes to the management team and employees of the Group for their relentless commitment, dedication, hard work and unwavering loyalty in ensuring the Group's continued success.

EDMOND CHEAH SWEE LENG
Chairman

LOW CHIN GUAN
Managing Director

Directors' Profiles



1. Edmond Cheah Swee Leng
2. Low Chin Guan
3. Dato' Dr. Norraesah Binti Haji Mohamad
4. Toh Seng Thong
5. Kwek Siew Leng

Directors' Profiles

cont'd

EDMOND CHEAH SWEE LENG

Chairman, Senior Independent Non-Executive Director

Mr. Edmond Cheah Swee Leng, aged 56, a Malaysian, was appointed to the Board of Adventa Berhad on 9 August 2004 and is presently the Chairman of the Company. He is a member of the Audit Committee and Chairman of the Remuneration Committee and the Nomination Committee.

He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants and Association of Chartered Accountants, England & Wales. He is also a certified financial planner. His professional experience has been in the fields of audit, merchant banking, corporate & financial advising, portfolio & investment management, unit trust management and financial planning.

His career started with a professional accounting firm in London where he was an Audit Manager. He was the manager in charge of Portfolio Investment in a merchant bank in Malaysia and subsequently in charge of the corporate and planning division in a public listed company. Mr. Cheah was the Chief Executive Officer/Executive Director and a member of the Investment Committee of Public Mutual Fund Berhad, the largest private unit trust management company in Malaysia.

He was also a council member and Chairman of the Secretariat of the Federation of Investment Managers Malaysia (FIMM), and is a former Task Force Member on Islamic Finance for Labuan International Offshore Financial Centre (LOFSA), and a former member on the Securities Market Consultation Panel in Bursa Malaysia Securities Berhad.

He attended all four (4) Board Meetings held during the financial year ended 31 October 2010.

Mr. Cheah sits on the Board of Nylex Malaysia Berhad and Ancom Berhad. Both companies are listed on Bursa Malaysia Securities Berhad. He is also an Investment Committee Member and Director of MAAKL Mutual Berhad, a subsidiary of MAA Holdings Berhad which is listed on Bursa Malaysia Securities Berhad. He is currently a Founder member and former past President of the Financial Planning Association of Malaysia (FPAM), and is the current Treasurer for the Society for the Prevention of Cruelty to Animals (SPCA).

He does not have any family relationship with any other director and/or substantial shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

He has no convictions for any offence within the past ten (10) years, other than traffic offences, if any.

LOW CHIN GUAN

Managing Director

Mr. Low Chin Guan, aged 51, a Malaysian, was appointed to the Board of Adventa Berhad on 10 May 2004 and is presently the Managing Director of the Company. He is the Chairman of the Employees' Share Option Scheme Committee and also a member of the Remuneration Committee.

He graduated as a Civil Engineer from the University of Manchester Institute of Science and Technology (UMIST), United Kingdom.

Mr. Low founded Terang Nusa Sdn. Bhd., the oldest subsidiary of the Group, in 1988. He has years of experience in project management, operations of manufacturing & assembly plants, financial control, strategic planning and marketing. In 2004, he formed Adventa Berhad to hold the various companies and manufacturing facilities under a single group management.

He now leads the Group in the areas of strategic planning, business development, investments, acquisitions and key personnel recruitment. He is also actively involved in product development, particularly in technological directions.

He attended all four (4) Board Meetings held during the financial year ended 31 October 2010.

Mr. Low is not a director of any other public listed company. He is the son of Madam Wong Koon Mei @ Wong Kwan Mooi and the brother of Ms. Low Lea Kwan, who are substantial shareholders of the Company. He does not have any family relationship with any other director nor any conflict of interest in any business arrangement involving the Company, except as disclosed in the Financial Statements.

He has no convictions for any offence within the past ten (10) years, other than traffic offences, if any.

KWEK SIEW LENG

Executive Director

Ms. Kwek Siew Leng, aged 45, a Malaysian, was appointed to the Board of Adventa Berhad on 10 May 2004 and is presently an Executive Director of the Company. She is also a member of the Employees' Share Option Scheme Committee.

She is an Associate Member of the Chartered Institute of Management Accountants (CIMA) and a Chartered Accountant with the Malaysian Institute of Accountants (MIA). She has senior operations experience in audit and accounting prior to joining Terang Nusa Sdn. Bhd. Her prior employment in public practice includes stints in statutory and regulatory reporting, financial planning, budgeting & forecasting, taxation, managerial skills as well as system development in various fields.

Directors' Profiles

cont'd

She held the post of Finance Manager in Terang Nusa Sdn.Bhd. since 2002 and assumed the position of Group Finance Manager of Adventa Berhad in 2003. She was subsequently promoted to Finance Director in 2004. She is now responsible for the overall management and operations of the accounts and finance departments.

She attended all four (4) Board Meetings held during the financial year ended 31 October 2010.

She is not a director of any other public listed company. She does not have any family relationship with any other director and/or substantial shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

She has no convictions for any offence within the past ten (10) years, other than traffic offences, if any.

TOH SENG THONG

Independent Non-Executive Director

Mr. Toh Seng Thong, aged 52, a Malaysian, was appointed to the Board of Adventa Berhad on 10 May 2004. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

He graduated with a Bachelor of Commerce (Accounting) degree from the University of Canterbury, New Zealand in 1981. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, New Zealand Institute of Chartered Accountants, a Fellow member of the Malaysian Institute of Taxation and an Associate member of the Harvard Business School Alumni Club of Malaysia.

Subsequent to his degree, he worked with a local manufacturing company before joining an international accounting firm, Peat Marwick Mitchell & Co (now known as KPMG), from 1983 to 1985. Subsequently he joined a local accounting firm as a partner before practicing on his own under Messrs S T Toh & Co in 1997. He has vast experience in auditing, tax planning, corporate advisory and financial advisory.

He attended all four (4) Board Meetings held during the financial year ended 31 October 2010.

He sits on the Board of Latitude Tree Holdings Berhad, a company listed on Bursa Malaysia Securities Berhad.

Mr. Toh does not have any family relationship with any other director and/or substantial shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

He has no convictions for any offence within the past ten (10) years, other than traffic offences, if any.

DATO' DR. NORRAESAH BINTI HAJI MOHAMAD

Independent Non-Executive Director

Dato' Dr. Norraesah Binti Haji Mohamad, aged 63, a Malaysian, was appointed to the Board of Adventa Berhad on 8 November 2005 as an Independent Non-Executive Director of the Company. She is also a member of the Audit Committee.

Dato' Dr. Norraesah holds a Doctorate Degree in Economics Science (International Economics and Finance) and a Masters in International Economics & Financial Relations from the University of Paris Pantheon-Sorbonne, France.

She has more than 39 years of working experience in banking, consultancy and international trade & commerce. From 1972 to 1985, she worked with the International Trade Division of the Ministry of Trade & Industry and the Ministry of Finance before joining the corporate sector.

From 1988 to 1990, Dato' Dr. Norraesah was the Communications Manager of ESSO Production Malaysia Inc. and subsequently assumed the position of Managing Director with a consultant firm providing financial advisory services. She was also appointed as Chief Representative of Credit Lyonnais Bank in Malaysia and was the Chairman of Bank Rakyat from 2000 to 2003.

She attended all four (4) Board Meetings held during the financial year ended 31 October 2010.

Dato' Dr. Norraesah currently sits on the board of KESM Industries Berhad, Malaysian Genomics Resource Centre Berhad, My E.G. Services Berhad, Protasco Berhad, SBC Corporation Berhad and Ya Horng Electronic (M) Berhad, all listed on Bursa Malaysia Securities Berhad. She also sits on the Board of Penang Bridge Sdn. Bhd. (a subsidiary of UEM World Berhad) and several other private limited companies.

She does not have any family relationship with any other director and/or substantial shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

She has no convictions for any offence within the past ten (10) years, other than traffic offences, if any.

Corporate Governance Statement

The Board of Directors (the “Board”) is pleased to report to the Shareholders that the best practices of good corporate governance as prescribed in the Malaysian Code on Corporate Governance (Revised 2007) (“the Code”) had generally been practised within the Group throughout the financial year ended 31 October 2010.

The Board is committed to its policy of managing the affairs of the Group with transparency, integrity and accountability by ensuring that a sound framework of best corporate practices is in place at all levels of the Group’s business and thus discharging its principal responsibility towards protecting and enhancing long-term shareholders’ value and investors’ interest.

Pursuant to Paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”), the Board is pleased to outline below the manner in which the Group has applied the Principles of Corporate Governance set out in Part 1 of the Code and the extent of compliance with the Best Practices set out in Part 2 of the Code.

1. THE BOARD OF DIRECTORS

1.1. The Board of Directors

The Board has overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Company.

During the financial year ended 31 October 2010, there were four (4) Board meetings held. Details of attendance of the Directors at Board Meetings held during the financial year are as follows:-

| Name of Directors | No. of meetings attended/held | % |
|--|-------------------------------|-----|
| Mr. Edmond Cheah Swee Leng | 4 / 4 | 100 |
| Mr. Low Chin Guan | 4 / 4 | 100 |
| Ms. Kwek Siew Leng | 4 / 4 | 100 |
| Mr. Toh Seng Thong | 4 / 4 | 100 |
| Dato’ Dr. Norraesah Binti Haji Mohamad | 4 / 4 | 100 |

1.2. Board Balance

The Board has five (5) members comprising:-

Two (2) Executive Directors including one (1) Managing Director and three (3) Non-Executive Directors, including one (1) Senior Independent Non-Executive Chairman.

The composition is in compliance with the Best Practices of the Code and as required by Paragraph 15.02(1) of the MMLR.

The Board is of the view that the current composition of the Board facilitates effective decision making and independent judgement where no individual shall dominate the Board’s decision making.

The Board members have a wide range of business, financial and technical experience. The mixed skills and experience are vital for the successful direction of the Group. A brief profile of each director is presented on pages 6 to 8 of this Annual Report.

There is a clear division of responsibility between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority. The roles of the Chairman and the Group Managing Director are separated and clearly defined. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Group Managing Director has overall responsibilities over the Group’s operating units, organisational effectiveness and implementation of Board policies and decisions.

The Board also recognises the pivotal role of the independent directors in corporate accountability as they provide unbiased and independent views, advice and judgement. Mr. Edmond Cheah Swee Leng has been identified as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

Corporate Governance Statement cont'd

1. THE BOARD OF DIRECTORS cont'd

1.3. Supply of Information

The Board has full and timely access to information concerning the Company and the Group. The Board is provided with the relevant agenda and board papers in sufficient time prior to the meetings to enable them to obtain further explanation and clarification to facilitate informed decision-making. The Board papers include reports on the Group's financial, operational and corporate development.

The Board has unrestricted access to all information within the Company, whether as a full board or in their individual capacity, which is necessary for discharge of its responsibilities and may obtain independent professional advice at the Company's expense in furtherance of their duties.

The Board has access to the advice and services of the Company Secretary who is responsible to ensure that the Board meeting procedures are followed and the applicable statutory and regulatory requirements are complied with.

1.4. Board Committees

The Board of Directors delegates specific responsibilities to the respective Committees of the Board namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Employees' Share Option Scheme Committee in order to enhance business and corporate efficiency and effectiveness. The Chairman of the respective committees will brief the Board on the matters discussed at the committee meetings and minutes of these meetings are circulated to the full Board.

1.5. Appointments to the Board

The Board has established a Nomination Committee, consisting of two (2) Directors who are Independent Non-Executive Directors of the Company. This Committee is responsible for making recommendations to the Board on the optimum size of the Board and proposing new nominees to the Board. The Committee shall also assess the performance of the Directors of the Company by annually reviewing the profile of the required skills and attributes to ensure that the Board has an appropriate balance of expertise and ability. In addition, the Board will assess its own effectiveness as a whole and the contribution of each Director on an annual basis.

The members of the Nomination Committee during the financial year are as follows:-

| | | |
|------------------|----------------------------|--|
| Chairman: | Mr. Edmond Cheah Swee Leng | <i>Senior Independent Non-Executive Director</i> |
| Member: | Mr. Toh Seng Thong | <i>Independent Non-Executive Director</i> |

The Nomination Committee may meet at least once a year or more frequently as deemed necessary. During the financial year ended 31 October 2010, the Committee had two (2) meetings.

1.6. Directors' Training

All the Board members have attended the Mandatory Accreditation Programme as required by the MMLR.

In addition, during the financial year under review, all Directors were also advised of developments or changes to relevant laws and regulatory requirements and suitable training and education programmes were identified for their participation from time to time. Management briefings during Board and Audit Committee meetings on various operational, technical and corporate matters were also aimed at ensuring that Directors are well versed with the knowledge of the Group's business and affairs in enabling them to make meaningful decisions. The Directors of the Company have also attended various courses and seminars on various subject matters such as financial reporting, taxation, capital markets and investments and other business related programmes to further enhance their business acumen and knowledge in executing their duties as Directors.

The Board is also encouraged to attend various training programmes necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates.

Corporate Governance Statement cont'd

1. THE BOARD OF DIRECTORS *cont'd*

1.7. Re-election of Directors

Any Director appointed during the year is required under the Company's Articles of Association, to retire and seek re-election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Articles also require that one-third of the Directors including the Managing Director, if any, to retire by rotation and seek re-election at each AGM and that each Director shall submit himself/herself for re-election at least once in every three (3) years.

The Directors to retire from office at the forthcoming AGM are Mr. Edmond Cheah Swee Leng and Ms. Kwek Siew Leng.

1.8. Employees' Share Option Scheme ("ESOS") Committee

An ESOS Committee was formed to oversee the administration as well as to ensure proper implementation of the ESOS according to the By-Laws of the Scheme. The ESOS Committee met once during the financial year.

The current members of the ESOS Committee are as follows:

| | | |
|------------------|--------------------|---------------------------|
| Chairman: | Mr. Low Chin Guan | <i>Managing Director</i> |
| Member: | Ms. Kwek Siew Leng | <i>Executive Director</i> |

2. DIRECTORS' REMUNERATION

2.1. Remuneration Committee

In compliance with the Code, the Remuneration Committee was set up with clearly defined terms of reference comprising of two (2) Independent Non-Executive Directors and one (1) Managing Director, as follows:-

| | | |
|------------------|----------------------------|--|
| Chairman: | Mr. Edmond Cheah Swee Leng | <i>Senior Independent Non-Executive Director</i> |
| Members: | Mr. Toh Seng Thong | <i>Independent Non-Executive Director</i> |
| | Mr. Low Chin Guan | <i>Managing Director</i> |

The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on the remuneration packages and other terms of employment of the Executive Directors. The determination of the remuneration for the Non-Executive Directors will be a matter of the Board as a whole with the Director concerned abstaining from deliberation and voting decision in respect of his individual remuneration package.

The Remuneration Committee may meet at least once a year or more frequently as deemed necessary. During the financial year ended 31 October 2010, the Committee had two (2) meetings.

2.2. Details of the Directors' Remuneration

The aggregate Directors' remuneration paid or payable or otherwise made to all Directors of the Company who served during the financial year are shown as follows:-

| Category | Fees (RM) | Salaries (RM) | Other Emoluments (RM) | Total (RM) |
|-------------------------|--------------|------------------|-----------------------------|---------------|
| Executive Directors | 51,200 | 834,880 | 340,476 | 1,226,556 |
| Non-Executive Directors | 172,800 | - | - | 172,800 |

Corporate Governance Statement *cont'd*

2. DIRECTORS' REMUNERATION *cont'd*

2.2. Details of the Directors' Remuneration *cont'd*

The number of Directors whose total remuneration falls within the following bands is as follows:-

| Range of Remuneration | Executive Directors | Non-Executive Directors |
|-----------------------|---------------------|-------------------------|
| Below RM100,000 | - | 3 |
| RM300,000 – RM350,000 | 1 | - |
| RM850,000 – RM900,000 | 1 | - |

3. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual reports, circulars to shareholders, quarterly financial results, press releases and the various announcements made from time to time.

The Group maintains a website at www.adventa.com.my where shareholders as well as members of the public are invited to access for the latest information on the Group. Alternatively, they may obtain the Group's latest announcements via the Bursa Securities website at www.bursamalaysia.com.my.

The AGM and Extraordinary General Meeting remains the principal forum for dialogue with shareholders where they may seek clarifications on the Group's businesses. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board will respond to any questions raised during the meeting to the best ability and knowledge to do so.

During the year, the Managing Director and the Executive Director had also met with institutional investors, fund managers and analysts to brief them and keep them updated on the performance, business expansion plans and other matters related to shareholders' interest.

4. ACCOUNTABILITY AND AUDIT

4.1. Financial Reporting

In presenting the annual audited financial statements and quarterly announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

The Audit Committee assists the Board by reviewing the information to be disclosed, to ensure completeness, accuracy and adequacy. The composition, summary of activities and terms of reference of the Audit Committee can be found in the Audit Committee Report on pages 15 to 19 of this Annual Report.

The Statement of Directors' Responsibility in respect of the Audited Financial Statements pursuant to paragraph 15.26(a) of the MMLR and pursuant to the Statement of Directors' Responsibility of the Companies Act 1965 is set out on page 22 of this Annual Report.

4.2. Internal Control

The Board acknowledges that it is responsible for maintaining a sound system of internal controls which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. The Internal Control Statement is set out on page 20 and 21 of this Annual Report.

Corporate Governance Statement *cont'd*

4. ACCOUNTABILITY AND AUDIT *cont'd*

4.3. Relationship With The Auditors

Through the Audit Committee, the Company has established a transparent and appropriate relationship with the Group's External Auditors. From time to time, the auditors highlighted to the Audit Committee and the Board on matters that require the Board's attention. The functions of the Audit Committee and its relations with the auditors are set out on pages 15 to 19 of this Annual Report.

5. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Company did not undertake any CSR activities during the year, but shall endeavour to be involved in CSR activities in the near future.

6. OTHER INFORMATION PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

6.1. Utilisation of Proceeds

The Company did not raise funds through any corporate proposal during the financial year ended 31 October 2010.

6.2. Share Buy-Backs

The Company did not undertake any share buy-back exercise during the financial year ended 31 October 2010.

6.3. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued during the financial year ended 31 October 2010.

6.4. Depository Receipt ("DR") Programme

The Company did not sponsor any DR programme during the financial year ended 31 October 2010.

6.5. Sanctions and/or Penalties

The Company and its subsidiaries, Directors and Management had not been imposed with any sanctions and/or penalties.

6.6. Non-Audit Fees

During the financial year under review, the Group's non-audit fees paid or payable to the External Auditors amounted to RM91,583.

6.7. Variation of Results

There were no material variances of 10% or more between the audited results and unaudited results of the Group for the financial year ended 31 October 2010.

6.8. Profit Forecast and Profit Guarantee

During the financial year, there was no profit forecast and profit guarantee given by the Company.

Corporate Governance Statement
cont'd

6. OTHER INFORMATION PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD *cont'd*

6.9. Revaluation Policy

The Group does not have a revaluation policy in respect of the Group's properties.

6.10. Material Contracts Involving Directors and Major Shareholders

There were no material contracts involving the Company and its subsidiaries with directors and major shareholders of the Company either still subsisting at the end of the financial year ended 31 October 2010 or entered into since the end of the financial year.

6.11. Recurrent Related Party Transactions of Revenue Nature

The details of related party transactions undertaken by the Group during the financial year ended 31 October 2010 are stated in Note 30 to the financial statements on pages 77 and 78 of this Annual Report.

Audit Committee Report

INTRODUCTION

The Board of Directors of the Company (the “Board”) is pleased to present the report of the Audit Committee for the financial year ended 31 October 2010.

A. MEMBERSHIP

| | |
|--|--|
| Chairman: Mr. Toh Seng Thong | <i>Independent Non-Executive Director</i> |
| Members: Mr. Edmond Cheah Swee Leng | <i>Senior Independent Non-Executive Director</i> |
| Dato’ Dr. Norraesah Binti Haji Mohamad | <i>Independent Non-Executive Director</i> |

B. TERMS OF REFERENCE

1. Composition of Members

The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be independent directors.

In this respect, the Board adopts the definition of “independent director” as defined under Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”).

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must:-

- (a) be a member of the Malaysian Institute of Accountants (“MIA”); or
- (b) if he is not a member of the MIA, he must have at least three (3) years of working experience and:
 - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - ii. he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) fulfill such other requirements as prescribed or approved by Bursa Securities.

No alternate director of the Board shall be appointed as a member of the Audit Committee.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Retirement and Resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance with the composition criteria as stated in paragraph 1 above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

2. Chairman

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

Audit Committee Report *cont'd*

B. TERMS OF REFERENCE *cont'd*

3. Secretary

The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

4. Meetings

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at anytime at the Chairman's discretion.

Upon the request of the External Auditors or internal auditors (if any), the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the auditors believe should be brought to the attention of the directors or shareholders.

Notice of the Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the Finance Director, the head of internal audit and the External Auditors in order to be kept informed of matters affecting the Company.

The Finance Director, the head of internal audit and a representative of the External Auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the External Auditors, the internal auditors, or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the External Auditors.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

5. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee shall report on each meeting to the Board.

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

6. Quorum

The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

7. Objectives

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

- (a) evaluate the quality of the audits performed by the internal and External Auditors;
- (b) provide assurance that the financial information presented by management is relevant, reliable and timely;
- (c) oversee compliance with laws and regulations and observance of proper code of conduct; and
- (d) determine the quality, adequacy and effectiveness of the Group's control environment.

B. TERMS OF REFERENCE *cont'd***8. Authority**

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

- (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.
- (b) Have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and External Auditors and senior management of the Company and Group.
- (c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.
- (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any).
- (e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the Audit Committee shall promptly report such matter to Bursa Securities.

9. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

- (a) To consider the appointment of the External Auditors, the audit fee and any question of resignation or dismissal, any letter of resignation from the External Auditors and whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment before making recommendations to the Board of Directors and recommend the nomination of a person or persons as External Auditors;
- (b) To discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (c) To review with the External Auditors his evaluation of the system of internal controls and his audit report;
- (d) To review the quarterly and year-end financial statements of the Board, focusing particularly on:
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management, where necessary);
- (f) To review the External Auditors' management letter and management's response;
- (g) To do the following, in relation to the internal audit function:
 - ensure that the internal audit function is independent of the activities it audits and the internal auditors shall report directly to the Audit Committee. The head of internal audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company;
 - review the adequacy of the scope, functions and competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

Audit Committee Report

cont'd

B. TERMS OF REFERENCE *cont'd*

9. Duties and Responsibilities *cont'd*

- (h) To consider any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (i) To report its findings on the financial and management performance, and other material matters to the Board;
- (j) To consider the major findings of internal investigations and management's response;
- (k) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;
- (l) To determine the remit of the internal audit function;
- (m) To consider other topics as defined by the Board; and
- (n) To consider and examine such other matters as the Audit Committee considers appropriate.

C. MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee met four (4) times during the financial year under review and details of attendance of each member are as follows:

| Name | No. of meetings attended/held |
|--|-------------------------------|
| Toh Seng Thong - Chairman | 4/4 |
| Edmond Cheah Swee Leng | 4/4 |
| Dato' Dr. Norraesah Binti Haji Mohamad | 3/4 |

Representatives of Management, Internal Auditors and the External Auditors also attended the meetings at the invitation of the Committee.

D. SUMMARY OF ACTIVITIES

The Audit Committee met at scheduled times, with due notices of meetings issued, and with agendas planned so that issues raised in respect of financial statements were deliberated and discussed in a focused and detailed manner.

In line with the Terms of Reference of the Committee, the following activities were carried out during the financial year under review:

- Reviewed the quarterly results, financial statements and corresponding announcements to be released to Bursa Securities to ensure compliance with the relevant Listing Requirements of Bursa Securities, the provisions of the Companies Act 1965 and applicable accounting standards in Malaysia, prior to submission to the Board for consideration and approval;
- Deliberated on the Group's financial performance, business development, management and corporate issues and recommended to the Board for approvals any key business strategies and actions that may affect the Group;
- Reviewed and assessed the internal audit plan and classification of risk parameters of the Group;
- Reviewed the internal control issues identified by internal auditors as well as management's response to recommendations and the implementation of agreed action plans;
- Met with the internal auditors once without Executive Board members and management present;
- Reviewed and evaluated External Auditors' scope of work, proposed audit fee and audit plan for the financial year prior to the commencement of the audit;
- Reviewed the financial statements, the audit report and issues arising from the audits with the External Auditors;
- Met with External Auditors twice without the presence of Executive Board members and management present;
- Noted emerging financial reporting issues pursuant to the introduction of new accounting standards and additional statutory and regulatory disclosure requirements; and
- Visited the new plant in Kluang.

Audit Committee Report
*cont'd***E. INTERNAL AUDIT**

The Group has in place an internal audit function whose principal responsibility is to undertake regular and systematic reviews of the internal control system so as to provide reasonable assurance that such systems continue to operate satisfactorily and electively in the Group and the Company. The internal audit function reports directly to the Audit Committee to ensure its independence status within the Group.

The Audit Committee is assisted by the internal audit function in discharging its duties and responsibilities with respect to the adequacy and integrity of the system of internal controls within the Group. The internal audits were performed using risk based approach and focused on:

- reviewing identified high risk areas for compliance with established policies, procedures, rules, guidelines, laws and regulations;
- evaluating the adequacy of controls for safeguarding assets; and
- identifying business risk which have not been appropriately addressed.

The Internal Audit carries out audit assignments based on an audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were forwarded to the management for attention and necessary action then presented to the Audit Committee for deliberation and approval.

During the financial year under review, the internal audit function undertook the following activities:

- Carried out the internal audit of the Group's operating units including its subsidiaries by reviewing business activities and processes to ensure compliance with internal control procedures, highlighting control weaknesses and making appropriate recommendations for improvements;
- Attended and reported to the Audit Committee its internal audit findings and response and rectification undertaken by the Management to improve the Group's system of internal controls and procedures; and
- Drafting the Audit Committee Report and Statement on Internal Control for disclosure in the Group's Annual Report.

The cost incurred for the internal audit function in respect of the financial year ended 31 October 2010 amounted to approximately RM113,557.

Internal Control Statement

This internal control statement has been prepared in compliance with Bursa Malaysia Main Market Listing Requirements (“MMLR”).

BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for the Group’s system of internal control which includes the establishment of an appropriate control environment and risk management framework as well as reviewing its adequacy and integrity. Due to the limitations that are inherent in any internal control system, the Group’s system of internal control can only manage rather than eliminate the risk of failure to achieve business objective and therefore can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. Notwithstanding this, the Board requires that the procedures and controls in place are subject to regular review as part of an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

As part of its review, the Board will continue taking necessary measures to strengthen its internal control system to address any weaknesses identified.

RISK MANAGEMENT FRAMEWORK

During the year, the Group monitored significant risks and risk mitigation strategies on an ongoing basis through its management and Board meetings. Under the purview of the Managing Director, the respective head of each operating subsidiary and department of the Group are empowered with responsibility of managing their respective operations.

In view of a constantly changing environment and competitive landscape, the Board is committed in maintaining a system of internal control that comprises the following environment, key processes and monitoring systems:

- Audit Committee reviews the adequacy and effectiveness of the Group’s risk management and internal control procedures as well as any internal control issues identified by the external and internal auditors;
- An annual risk assessment analysis that assists the management to continuously identify significant risks associated with key process within a changing business and operating environment;
- An annual budgeting process that establishes monthly budgets for each business unit against which performance is monitored on an ongoing basis;
- Monthly business reports and management accounts are submitted by the respective business units for review by senior management;
- Disaster recovery plans including fire prevention monitoring process, adequate insurance coverage and computer IT monitoring process to help ensure the risk of system failure and outages is minimised; and
- Segregation of duties and limits of authority are practised to ensure accountability and responsibility.

INTERNAL AUDIT

The Internal Audit Department (“IAD”) assists the Audit Committee in discharging its duties and responsibilities. The IAD, which reports directly to the Audit Committee, conducts reviews on the adequacy and effectiveness of the Group’s system of internal control the management has put in place. These audits review the internal controls in the key activities of the Group’s business based on a 3-year detailed internal audit plan approved by the Audit Committee. Based on these audits, the IAD provides the Committee with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control.

During the financial year ended 31 October, 2010, the Audit Committee, with the assistance of the Head of the IAD, reviewed the adequacy and integrity of the Group’s internal control systems relating to purchasing, receiving, materials control, shipping/deliveries, invoicing and supplier disbursements.

Internal Control Statement
cont'd

CONCLUSION

There was no material internal control failure, which resulted in material losses or contingencies during the financial period under review. The Board and management will, when necessary, put in place appropriate action to further enhance the Group's system of internal control.

This statement was made in accordance with a resolution of the Board of Directors dated 31 March 2011 and has been duly reviewed by the External Auditors, pursuant to paragraph 15.26(b) of the MMLR.

Responsibility Statement by the Board of Directors

In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flows of the Group and the Company in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended 31 October 2010 set out on pages 32 to 86 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are reasonable and prudent.

The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 21 February 2011.



financial statements

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Director's Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

| | Group RM | Company RM |
|-------------------------------|-------------|---------------|
| Profit for the financial year | 35,157,365 | 9,561,509 |
| Attributable to: | | |
| Equity holders of the Company | 35,152,435 | 9,561,509 |
| Minority interests | 4,930 | - |
| | 35,157,365 | 9,561,509 |

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 October 2009 were as follows:

| | RM |
|--|-----------|
| In respect of the financial year ended 31 October 2009: | |
| Final tax exempt dividend of 4 sen on 148,147,970 ordinary shares of RM0.50 each, declared on 2 March 2010 and paid on 20 April 2010 | 5,925,919 |

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 October 2010, of 14% on 152,785,770 ordinary shares of RM0.50 each, amounting to a dividend payable of RM10,695,004 (7 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 October 2011.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Low Chin Guan
Kwek Siew Leng
Toh Seng Thong
Edmond Cheah Swee Leng
Dato' Dr. Norraesah Binti Haji Mohamad

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Options Scheme.

Since the end of the previous financial period, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Notes 7 and 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

| | Number of Ordinary Shares of RM0.50 Each | | | 31.10.2010 |
|--|--|----------|-------------|------------|
| | 01.11.2009 | Acquired | Disposed | |
| The Company | | | | |
| Direct Interest | | | | |
| Low Chin Guan | 57,488,552 | 958,000 | - | 58,446,552 |
| Kwek Siew Leng | 452,200 | 476,000 | - | 928,200 |
| Toh Seng Thong | - | 140,000 | - | 140,000 |
| Edmond Cheah Swee Leng | - | 140,000 | (40,000) | 100,000 |
| Dato' Dr. Norraesah Binti Haji Mohamad | - | 140,000 | - | 140,000 |
| Indirect Interest | | | | |
| Low Chin Guan # | 12,400,960 | 560,000 | (5,000,000) | 7,960,960 |

By virtue of shareholdings by his family member

Director's Report
cont'd

DIRECTORS' INTEREST cont'd

| | Number of Ordinary Class B Shares of RM1 Each | | | |
|---|---|----------|----------|------------|
| | 01.11.2009 | Acquired | Disposed | 31.10.2010 |
| Subsidiary - Purnabina Sdn. Bhd. | | | | |
| Direct Interest ^ | | | | |
| Kwek Siew Leng | 200,000 | - | - | 200,000 |

^ Shares held in trust on behalf of the Company

| | Grant Date | Number of Options Over Ordinary Shares of RM0.50 Each | | | |
|--|------------|---|---------|-----------|------------|
| | | 01.11.2009 | Granted | Exercised | 31.10.2010 |
| The Company | | | | | |
| Direct Interest | | | | | |
| Low Chin Guan | 29.11.2005 | 252,000 | 504,000 | (756,000) | - |
| Kwek Siew Leng | 29.11.2005 | - | 476,000 | (476,000) | - |
| Toh Seng Thong | 29.11.2005 | 140,000 | - | (140,000) | - |
| Edmond Cheah Swee Leng | 29.11.2005 | 140,000 | - | (140,000) | - |
| Dato' Dr. Norraesah Binti Haji Mohamad | 04.05.2009 | 140,000 | - | (140,000) | - |
| Indirect Interest | | | | | |
| Low Chin Guan | 29.11.2005 | 420,000 | 140,000 | (560,000) | - |

Low Chin Guan by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

The other directors in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM72,520,575 to RM76,392,885 by way of the issuance of 7,744,620 ordinary shares of RM0.50 each for cash pursuant to the Company's Employee Share Options Scheme at an average exercise price of RM1.86 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEE SHARE OPTIONS SCHEME

The Adventa Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 28 July 2005. The ESOS was implemented on 29 November 2005 and is to be in force for a period of 5 years from the date of implementation and subject to a renewal option for an additional 5 years, to be determined by the Board of Directors.

EMPLOYEE SHARE OPTIONS SCHEME *cont'd*

The salient features and other terms of the ESOS are disclosed in Note 21 to the financial statements. The ESOS expired during the financial year. The name of option holder granted options to subscribe for 200,000 or more ordinary shares of RM0.50 each is as follows:

| Name | Grant Date | Number of Options Over Ordinary Shares of RM0.50 each | | | |
|--------------------------------|------------|---|---------|-----------|------------|
| | | 01.11.2009 | Granted | Exercised | 31.10.2010 |
| Wong Koon Mei @ Wong Kwan Mooi | 29.11.2005 | 252,000 | 28,000 | (280,000) | - |

Details of options granted to directors are disclosed in the section on Directors' Interest in this report.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than as disclosed in Note 29 to the financial statements.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

Director's Report
cont'd

OTHER STATUTORY INFORMATION *cont'd*

(f) In the opinion of the directors: *cont'd*

- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant events during the financial year and subsequent events are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 February 2011.

LOW CHIN GUAN

KWEK SIEW LENG

Statement by Directors

Pursuant to Section 169(15) of the Companies Act 1965

We, LOW CHIN GUAN and KWEK SIEW LENG, being two of the directors of ADVENTA BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 32 to 86 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 February 2011.

LOW CHIN GUAN

KWEK SIEW LENG

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act 1965

I, KWEK SIEW LENG, being the director primarily responsible for the financial management of ADVENTA BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 32 to 86 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed KWEK SIEW LENG at
Kota Bharu in the state of Kelantan
Darul Naim on 21 February 2011

KWEK SIEW LENG

Before me,

Independent Auditors' Report

to the Members of Adventa Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Adventa Berhad, which comprise the balance sheets as at 31 October 2010 of the Group and of the Company, the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 85.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2010 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Independent Auditors' Report
to the Members of Adventa Berhad
(Incorporated in Malaysia)
cont'd

OTHER MATTERS

The supplementary information set out in Note 34 on page 86 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

SANDRA SEGARAN
A/L MUNIANDY@KRISHNAN
No. 2882/01/13 (J)
Chartered Accountant

Kota Bharu, Kelantan Darul Naim, Malaysia
21 February 2011

Income Statements

for the year ended 31 October 2010

| | Note | Group | | Company | |
|---|------|---------------|---------------|-------------|-------------|
| | | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Revenue | 3 | 341,812,759 | 282,742,460 | 13,220,000 | 11,560,000 |
| Cost of sales | 4 | (277,949,150) | (220,712,658) | - | - |
| Gross profit | | 63,863,609 | 62,029,802 | 13,220,000 | 11,560,000 |
| Other income | | 2,444,132 | 1,114,003 | 2,173,787 | 2,260,379 |
| Administrative expenses | | (9,611,942) | (8,832,677) | (3,136,606) | (2,560,284) |
| Selling and marketing expenses | | (10,750,526) | (10,228,156) | - | - |
| Other expenses | | (10,047,101) | (20,040,628) | (461,266) | (325,782) |
| Operating profit | | 35,898,172 | 24,042,344 | 11,795,915 | 10,934,313 |
| Finance costs | 5 | (5,754,970) | (5,616,667) | (2,123,570) | (2,242,458) |
| Profit before tax | 6 | 30,143,202 | 18,425,677 | 9,672,345 | 8,691,855 |
| Income tax benefit/(expense) | 9 | 5,014,163 | (1,533,350) | (110,836) | 90,890 |
| Profit for the year | | 35,157,365 | 16,892,327 | 9,561,509 | 8,782,745 |
| Attributable to: | | | | | |
| Equity holders of the Company | | 35,152,435 | 16,964,500 | 9,561,509 | 8,782,745 |
| Minority interests | | 4,930 | (72,173) | - | - |
| | | 35,157,365 | 16,892,327 | 9,561,509 | 8,782,745 |
| Earnings per share attributable to equity holders of the Company (sen) | | | | | |
| - Basic | 10 | 23.62 | 12.04 | | |
| - Diluted | 10 | 23.62 | 12.02 | | |

The accompanying notes form an integral part of the financial statements.

Balance Sheets

as at 31 October 2010

| | Note | Group | | Company | |
|-------------------------------|------|--------------------|--------------------|--------------------|--------------------|
| | | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 12 | 216,282,970 | 162,838,269 | 835,569 | 621,284 |
| Prepaid land lease payments | 13 | 11,664,164 | 11,912,349 | - | - |
| Intangible assets | 14 | 3,304,887 | 3,244,160 | - | - |
| Investments in subsidiaries | 15 | - | - | 46,702,192 | 45,284,073 |
| Long term bank deposits | 18 | 2,400,000 | 2,400,000 | 2,400,000 | 2,400,000 |
| Deferred tax assets | 25 | 8,451,642 | 5,287,308 | - | 98,112 |
| | | 242,103,663 | 185,682,086 | 49,937,761 | 48,403,469 |
| Current assets | | | | | |
| Inventories | 16 | 63,992,426 | 52,329,096 | - | - |
| Trade receivables | 17 | 58,314,053 | 47,648,694 | - | - |
| Other receivables | 18 | 9,565,625 | 20,689,560 | 96,414,730 | 90,891,139 |
| Cash and bank balances | 19 | 41,554,618 | 38,830,835 | 27,382,277 | 21,300,906 |
| | | 173,426,722 | 159,498,185 | 123,797,007 | 112,192,045 |
| TOTAL ASSETS | | 415,530,385 | 345,180,271 | 173,734,768 | 160,595,514 |

Balance Sheets
as at 31 October 2010
cont'd

| | Note | Group | | Company | |
|---|------|--------------|-------------|-------------|-------------|
| | | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to equity holders of the Company | | | | | |
| Share capital | 20 | 76,392,885 | 72,520,575 | 76,392,885 | 72,520,575 |
| Share premium | 20 | 43,026,232 | 32,516,348 | 43,026,232 | 32,516,348 |
| Other reserves | 21 | (10,756,955) | (4,160,232) | - | 40,386 |
| Retained profits | 22 | 112,422,574 | 83,155,672 | 11,936,589 | 8,260,613 |
| | | 221,084,736 | 184,032,363 | 131,355,706 | 113,337,922 |
| Minority interests | | 817,976 | 1,212,166 | - | - |
| Total equity | | 221,902,712 | 185,244,529 | 131,355,706 | 113,337,922 |
| Non-current liabilities | | | | | |
| Borrowings | 23 | 33,177,689 | 58,492,891 | 8,723,453 | 39,288,264 |
| Deferred tax liabilities | 25 | 4,372,163 | 6,460,142 | 12,724 | - |
| | | 37,549,852 | 64,953,033 | 8,736,177 | 39,288,264 |
| Current liabilities | | | | | |
| Trade payables | 26 | 37,781,910 | 29,204,600 | - | - |
| Other payables | 27 | 20,853,916 | 8,460,652 | 2,269,820 | 1,958,274 |
| Borrowings | 23 | 97,441,995 | 57,317,457 | 31,373,065 | 6,011,054 |
| | | 156,077,821 | 94,982,709 | 33,642,885 | 7,969,328 |
| Total liabilities | | 193,627,673 | 159,935,742 | 42,379,062 | 47,257,592 |
| TOTAL EQUITY AND LIABILITIES | | 415,530,385 | 345,180,271 | 173,734,768 | 160,595,514 |

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 October 2010

| Group | Note | ← Attributable to Equity Holders of the Company → | | | | | | | Total Equity RM |
|---|------|---|----------------------------------|------------------------------------|-----------------------------------|-------------------------------------|-------------|--------------------------|--------------------|
| | | ← Non-Distributable → | | | | Distributable | | Minority Interests RM | |
| | | Share Capital RM (Note 20) | Share Premium RM (Note 20) | Treasury Shares RM (Note 20) | Other Reserves RM (Note 21) | Retained Profits RM (Note 22) | Total RM | | |
| At 1 November 2008 | | 69,577,670 | 29,195,667 | (769,801) | (169,140) | 70,343,561 | 168,177,957 | 1,284,339 | 169,462,296 |
| Foreign currency translation | | - | - | - | (3,992,492) | - | (3,992,492) | - | (3,992,492) |
| Profit for the year | | - | - | - | - | 16,964,500 | 16,964,500 | (72,173) | 16,892,327 |
| Total recognised income and expense for the year | | - | - | - | (3,992,492) | 16,964,500 | 12,972,008 | (72,173) | 12,899,835 |
| Dividends | 11 | - | - | - | - | (4,152,389) | (4,152,389) | - | (4,152,389) |
| Issue of ordinary shares pursuant to: | | | | | | | | | |
| ESOS | | 759,850 | 744,653 | - | - | - | 1,504,503 | - | 1,504,503 |
| Private placement | | 2,183,055 | 2,532,344 | - | - | - | 4,715,399 | - | 4,715,399 |
| Treasury shares disposed | | - | 133,191 | 769,801 | - | - | 902,992 | - | 902,992 |
| Transaction costs | | - | (89,507) | - | - | - | (89,507) | - | (89,507) |
| Share options granted under ESOS | | - | - | - | 1,400 | - | 1,400 | - | 1,400 |
| At 31 October 2009 | | 72,520,575 | 32,516,348 | - | (4,160,232) | 83,155,672 | 184,032,363 | 1,212,166 | 185,244,529 |
| Foreign currency translation | | - | - | - | (6,556,337) | - | (6,556,337) | - | (6,556,337) |
| Profit for the year | | - | - | - | - | 35,152,435 | 35,152,435 | 4,930 | 35,157,365 |
| Total recognised income and expense for the year | | - | - | - | (6,556,337) | 35,152,435 | 28,596,098 | 4,930 | 28,601,028 |
| Dividends | 11 | - | - | - | - | (5,925,919) | (5,925,919) | - | (5,925,919) |
| Additional investment in subsidiaries | | - | - | - | - | - | - | (399,120) | (399,120) |
| Issue of ordinary shares pursuant to ESOS | | 3,872,310 | 10,509,884 | - | - | - | 14,382,194 | - | 14,382,194 |
| Expiry of share option granted under ESOS | | - | - | - | (40,386) | 40,386 | - | - | - |
| At 31 October 2010 | | 76,392,885 | 43,026,232 | - | (10,756,955) | 112,422,574 | 221,084,736 | 817,976 | 221,902,712 |

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity

for the year ended 31 October 2010

| Company | Note | Non-Distributable | | | | Distributable | Total Equity RM |
|---|------|------------------------|------------------------|--------------------------|-------------------------|---------------------------|-----------------------|
| | | Share Capital RM | Share Premium RM | Treasury Shares RM | Other Reserves RM | Retained Profits RM | |
| | | (Note 20) | (Note 20) | (Note 20) | (Note 21) | (Note 22) | |
| At 1 November 2008 | | 69,577,670 | 29,195,667 | (769,801) | 38,986 | 3,630,257 | 101,672,779 |
| Profit for the year, representing total income and expense for the year | | - | - | - | - | 8,782,745 | 8,782,745 |
| Dividends | 11 | - | - | - | - | (4,152,389) | (4,152,389) |
| Issue of ordinary shares pursuant to: | | | | | | | |
| ESOS | | 759,850 | 744,653 | - | - | - | 1,504,503 |
| Private placement | | 2,183,055 | 2,532,344 | - | - | - | 4,715,399 |
| Treasury shares disposed | | - | 133,191 | 769,801 | - | - | 902,992 |
| Transaction costs | | - | (89,507) | - | - | - | (89,507) |
| Share options granted under ESOS | | - | - | - | 1,400 | - | 1,400 |
| At 31 October 2009 | | 72,520,575 | 32,516,348 | - | 40,386 | 8,260,613 | 113,337,922 |
| Profit for the year, representing total income and expense for the year | | - | - | - | - | 9,561,509 | 9,561,509 |
| Dividends | 11 | - | - | - | - | (5,925,919) | (5,925,919) |
| Issue of ordinary shares pursuant to ESOS | | 3,872,310 | 10,509,884 | - | - | - | 14,382,194 |
| Expiry of share option granted under ESOS | | - | - | - | (40,386) | 40,386 | - |
| At 31 October 2010 | | 76,392,885 | 43,026,232 | - | - | 11,936,589 | 131,355,706 |

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

for the year ended 31 October 2010

| | Note | Group | | Company | |
|--|------|--------------|-------------|--------------|--------------|
| | | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Cash Flows From Operating Activities | | | | | |
| Profit before tax | | 30,143,202 | 18,425,677 | 9,672,345 | 8,691,855 |
| Adjustments for: | | | | | |
| Amortisation of prepaid land lease payments | 6 | 248,185 | 187,720 | - | - |
| Depreciation of property, plant and equipment | 6 | 14,215,822 | 9,641,609 | 167,583 | 115,820 |
| Dividend income | 3 | - | - | (11,000,000) | (10,000,000) |
| Finance costs | 5 | 5,754,970 | 5,616,667 | 2,123,570 | 2,242,458 |
| Gain on disposal of property, plant and equipment | 6 | (75,149) | (190,050) | - | - |
| Interest income | 6 | (617,632) | (480,728) | (2,173,787) | (2,260,379) |
| Net unrealised foreign exchange gains | 6 | (744,303) | (13,733) | - | - |
| Net unrealised foreign exchange losses | 6 | 20,243 | 4,057,613 | - | - |
| Property, plant and equipment written off | 6 | 83,881 | 66,998 | - | - |
| Share options granted under ESOS | 21 | - | 1,400 | - | 1,400 |
| Operating profit/(loss) before working capital changes | | 49,029,219 | 37,313,173 | (1,210,289) | (1,208,846) |
| Decrease in long term bank deposits | | - | 2,500,000 | - | 2,500,000 |
| Increase in inventories | | (11,663,330) | (5,390,738) | - | - |
| Decrease/(increase) in trade and other receivables | | 833,107 | (9,114,155) | (5,481,863) | (12,136,917) |
| Increase in trade and other payables | | 21,426,518 | 4,523,762 | 1,187,546 | 1,668,182 |
| Cash generated from/(used in) operations | | 59,625,514 | 29,832,042 | (5,504,606) | (9,177,581) |
| Interest paid | | (1,950,977) | (1,723,688) | - | - |
| Interest received | | 77,515 | 14,077 | - | - |
| Taxes paid | | (396,193) | (419,949) | - | - |
| Taxes refunded | | - | 32,192 | - | - |
| Net cash generated from/(used in) operating activities | | 57,355,859 | 27,734,674 | (5,504,606) | (9,177,581) |

Cash Flow Statements
for the year ended 31 October 2010
cont'd

| | Note | Group | | Company | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Cash Flows From Investing Activities | | | | | |
| Acquisition of subsidiaries | | - | (800,000) | - | (800,000) |
| Additional investment in subsidiaries | 15 | (459,847) | - | (1,459,847) | - |
| Dividends received | | - | - | 11,000,000 | 10,000,000 |
| Interest received | | 540,117 | 466,651 | 2,173,787 | 2,260,379 |
| Proceeds from disposal of property, plant and equipment | | 365,000 | 1,000,000 | - | - |
| Purchase of prepaid land lease payments | | - | (2,600,000) | - | - |
| Purchase of property, plant and equipment | | (67,656,163) | (25,177,792) | (381,868) | (16,350) |
| Net cash (used in)/generated from investing activities | | (67,210,893) | (27,111,141) | 11,332,072 | 11,444,029 |
| Cash Flows From Financing Activities | | | | | |
| Disposal of treasury shares | | - | 902,992 | - | 902,992 |
| Dividends paid | | (5,925,919) | (4,152,389) | (5,925,919) | (4,152,389) |
| Drawdown of other short term borrowings | | 142,194,691 | 102,126,574 | - | - |
| Drawdown of term loans | | 16,600,000 | 13,360,456 | - | 4,500,000 |
| Interest paid | | (3,803,993) | (3,892,979) | (2,123,570) | (2,242,458) |
| Proceeds from issuance of ordinary shares | | 14,382,194 | 6,219,902 | 14,382,194 | 6,219,902 |
| Repayment of hire purchase obligations | | (201,619) | (115,701) | (67,746) | - |
| Repayment of other short term borrowings | | (129,069,198) | (100,849,721) | - | - |
| Repayment of term loans | | (15,590,538) | (13,014,044) | (6,011,054) | (4,810,682) |
| Transaction costs pursuant to issuance of shares | | - | (89,507) | - | (89,507) |
| Net cash generated from financing activities | | 18,585,618 | 495,583 | 253,905 | 327,858 |
| Cash and cash equivalents: | | | | | |
| Net increase | | 8,730,584 | 1,119,116 | 6,081,371 | 2,594,306 |
| Effects of foreign exchange rate changes | | (6,006,801) | 409,858 | - | - |
| At beginning of year | | 38,830,835 | 37,301,861 | 21,300,906 | 18,706,600 |
| At end of year | 19 | 41,554,618 | 38,830,835 | 27,382,277 | 21,300,906 |

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

31 October 2010

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 1, Jalan 8, Pengkalan Chepa 2 Industrial Zone, 16100 Kota Bharu, Kelantan Darul Naim.

The principal activities of the Company are investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are described in Note 15.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 February 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with Financial Reporting Standards (“FRSs”) and the Companies Act 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis.

The financial statements are presented in Ringgit Malaysia (“RM”).

2.2 Summary of Significant Accounting Policies

(a) *Subsidiaries and Basis of Consolidation*

(i) *Subsidiaries*

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company’s separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) *Basis of Consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(a) Subsidiaries and Basis of Consolidation *cont'd*

(ii) Basis of Consolidation cont'd

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

Acquisitions of minority interests are accounted for using the parent entity method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

(b) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

| | |
|--|-----------|
| Buildings | 2% |
| Plant and equipment | 2% - 20% |
| Motor vehicles | 10% - 20% |
| Laboratory, medical and warehouse equipment | 10% - 20% |
| Office equipment, renovation, furniture and fittings | 10% - 25% |

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(c) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land are classified as operating or finance leases in the same way as leases of other assets. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance Leases - the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(b).

(iii) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(d) Intangible Assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(e) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(e) Impairment of Non-Financial Assets *cont'd*

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(f) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(g) Financial Instruments *cont'd*

(i) *Receivables*

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(ii) *Cash and Cash Equivalents*

For the purposes of the cash flow statements, cash and cash equivalents include cash in hand and at bank and deposits at call, net of outstanding bank overdrafts.

(iii) *Equity Instruments*

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(iv) *Interest Bearing Loans and Borrowings*

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) *Payables*

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Sale of Goods*

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) *Dividend Income*

Dividend income is recognised when the Group's right to receive payment is established.

(iii) *Management Fees*

Management fees are recognised when services are rendered.

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(h) Revenue Recognition *cont'd*

(iv) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(v) Rental Income

Rental income is recognised on an accrual basis.

(i) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(iii) Share Based Compensation

The Adventa Berhad Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(k) Foreign Currencies *cont'd*

(iii) Foreign Operations *cont'd*

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 November 2008 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 November 2008 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(m) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new or revised FRSs, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

| New or Revised FRSs, Amendments to FRSs and Interpretations | Effective for Financial Periods Beginning On or After |
|---|---|
| FRS 1 First-time Adoption of Financial Reporting Standards | 1 July 2010 |
| FRS 3 Business Combinations (revised) | 1 July 2010 |
| FRS 4 Insurance Contracts | 1 January 2010 |
| FRS 7 Financial Instruments: Disclosures | 1 January 2010 |
| FRS 101 Presentation of Financial Statements (revised) | 1 January 2010 |
| FRS 123 Borrowing Costs | 1 January 2010 |
| FRS 127 Consolidated and Separate Financial Statements | 1 January 2010 |
| FRS 127 Consolidated and Separate Financial Statements (amended) | 1 July 2010 |
| FRS 139 Financial Instruments: Recognition and Measurement | 1 January 2010 |
| Amendments to FRSs 'Improvement to FRSs (2009)' | 1 January 2010 |
| Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1 January 2010 |
| Amendments to FRS 1 Limited Exemption from Comparative FRS 7: Disclosure for First-time Adopters | 1 January 2011 |
| Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations | 1 January 2010 |
| Amendments to FRS 2 Share-based Payment | 1 July 2010 |
| Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations | 1 July 2010 |
| Amendments to FRS 7 Improving Disclosures about Financial Instruments | 1 January 2011 |
| Amendments to FRS 132 Financial Instruments: Presentation | 1 January 2010 |
| Amendments to FRS 138 Intangible Assets | 1 July 2010 |
| Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives | 1 January 2010 |
| Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives | 1 July 2010 |
| IC Interpretation 9 Reassessment of Embedded Derivatives | 1 January 2010 |
| IC Interpretation 10 Interim Financial Reporting and Impairment | 1 January 2010 |
| IC Interpretation 11 FRS 2: Group and Treasury Share Transactions | 1 January 2010 |
| IC Interpretation 12 Service Concession Agreements | 1 July 2010 |
| IC Interpretation 13 Customer Loyalty Programmes | 1 January 2010 |
| IC Interpretation 14 FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | 1 January 2010 |

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards and Interpretations Issued but Not Yet Effective *cont'd*

| New or Revised FRSs, Amendments to FRSs and Interpretations | Effective for Financial Periods Beginning On or After |
|---|---|
| IC Interpretation 15 Agreements for the Construction of Real Estate | 1 July 2010 |
| IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation | 1 July 2010 |
| IC Interpretation 17 Distributions of Non-cash Assets to Owners | 1 July 2010 |
| TR i - 3 Presentation of Financial Statements of Islamic Financial Institutions | 1 January 2010 |

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application.

Pronouncements effective for financial periods beginning on or after 1 January 2010

FRS 101: Presentation of Financial Statements (revised):

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now included only details of transactions with owners. All non owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Company is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Company.

FRS 123: Borrowing Costs

This Standard supersedes FRS 123²⁰⁰⁴: *Borrowing Costs* that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Company's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Company will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures*.

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards and Interpretations Issued but Not Yet Effective *cont'd*

Pronouncements effective for financial periods beginning on or after 1 January 2010 *cont'd*

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures *cont'd*

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Company's exposure to risks, enhanced disclosures regarding components of the Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. In accordance with the respective transitional provisions, the Company is exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendments to FRSs 'Improvements to FRSs (2009)'

FRS 7 Financial Instruments: Disclosures: Clarifies on the presentation of finance costs whereby interest income is not a component of finance costs.

FRS 8 Operating Segments: Clarifies that segment information with respect to total asset is required only if they are included in measures of segment profit or loss that are used by the "chief operating decision maker".

FRS 101 Presentation of Financial Statements: Clarifies that financial instruments classified as held for trading in accordance with *FRS 139 Financial Instruments: Recognition and Measurement* are not automatically presented as current in the balance sheet. The amendment further clarifies that the classification of the liability component of convertible instrument as current or non current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.

FRS 107 Statement of Cash Flows (formerly known as Cash Flow Statements): Clarifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Clarifies that only implementation guidance that is an integral part of an FRS is mandatory when selecting accounting policies.

FRS 110 Events after the Reporting Period (formerly known as Events After the Balance Sheet Date): Clarifies that dividends declared after the end of the reporting period are not liabilities as at the balance sheet date.

FRS 116 Property, Plant and Equipment: The amendment replaces the term "net selling price" with "fair value less costs to sell". It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Company is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Company shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Company is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings.

FRS 118 Revenue: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term "direct costs" with "transaction costs" as defined in *FRS 139*.

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards and Interpretations Issued but Not Yet Effective *cont'd*

Pronouncements effective for financial periods beginning on or after 1 January 2010 *cont'd*

Amendments to FRSs 'Improvements to FRSs (2009)' *cont'd*

FRS 119 *Employee Benefits*: The amendment revises the definition of “past service costs”, “return on plan assets” and “short term” and “other long term” employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation. The amendment further clarifies that amendment to plan that result in a reduction in benefits related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*.

FRS 123 *Borrowing Costs*: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.

FRS 127 *Consolidated and Separate Financial Statements*: The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

FRS 128 *Investments in Associates*: The amendment clarifies that if an associate is accounted for at fair value in accordance with FRS 139, only the requirement of FRS 128 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the investor in the form of cash or repayment of loans applies. It further clarifies that an investment in an associate is treated as a single asset for the purpose of impairment testing. Therefore, any impairment loss is not separately allocated to the goodwill included in the investment balance.

FRS 131 *Interests in Joint Ventures*: The amendment clarifies that if a joint venture is accounted for “at fair value through profit or loss”, in accordance with FRS 139, only the requirements of FRS 131 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

FRS 134 *Interim Financial Reporting*: Clarifies that earnings per share is to be disclosed in interim financial reports if an entity is within the scope of FRS 133: *Earnings per Share*.

FRS 136 *Impairment of Assets*: Clarifies that when discounted cash flows are used to estimate “fair value less cost to sell” additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate “value in use”. The amendment further clarifies that the largest cash generating unit for group of units to which goodwill should be allocated for purposes of impairment testing is an operating segment as defined in FRS 8.

FRS 139 *Financial Instruments: Recognition and Measurement*: Clarifies that changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the “fair value through profit or loss” classification after initial recognition. It also clarifies on the scope exemption for business combination contracts. The amendments remove the reference in FRS 139 to a “segment” when determining whether an instrument qualifies as a hedge and requires the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting. It also provides additional guidance on determining whether loan prepayment penalties result in an embedded derivatives that needs to be separated. In addition, the amendments state that the gains or losses on a hedged instrument should be reclassified from equity to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards and Interpretations Issued but Not Yet Effective *cont'd*

Pronouncements effective for financial periods beginning on or after 1 January 2010 *cont'd*

IC Interpretation 10 : Interim Financial Reporting and Impairment

This IC prohibits impairment losses recognised in an interim period on goodwill or investments in equity instruments or financial assets carried at cost to be reversed at a subsequent balance sheet date.

IC Interpretation 14: FRS 119: The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This IC provides guidance on how to assess the limit, under FRS 119 *Employee Benefits*, on the amount of surplus in a defined benefit scheme that can be recognised as an asset and explains how the minimum funding requirements will affect the defined benefit asset and addresses when minimum funding requirements may give rise to a liability.

Pronouncements effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards

This FRS supersedes FRS 1 (issued in 2005 and amended in May 2009). The Standard sets out the procedures that an entity must follow when it adopts FRSs for the first time as the basis for preparing its financial statements.

FRS 3: Business Combination (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non controlling interests.

2.4 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

There were no significant judgements made in applying the Group's accounting policies which may have significant effect on the amounts recognised in the financial statements.

Notes to the Financial Statements
31 October 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 Significant Accounting Estimates and Judgements *cont'd*

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This required an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 October 2010 was RM3,304,887 (2009: RM3,244,160).

(ii) Depreciation of Property, Plant and Equipment

The cost of plant and equipment for the manufacture of gloves and generation of components is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 10 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore future depreciation charges could be revised.

(iii) Deferred Tax Assets

Deferred tax assets are recognised for all unabsorbed tax losses, unused reinvestment allowances and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses, reinvestment allowances and capital allowances of the Group was RM92,500,000 (2009: RM47,600,000).

Notes to the Financial Statements
31 October 2010
cont'd

3. REVENUE

| | Group | | Company | |
|-----------------------------------|-------------|-------------|------------|------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Sale of goods, net of discounts | 341,812,759 | 282,742,460 | - | - |
| Gross dividends from subsidiaries | - | - | 11,000,000 | 10,000,000 |
| Management fees from subsidiaries | - | - | 2,220,000 | 1,560,000 |
| | 341,812,759 | 282,742,460 | 13,220,000 | 11,560,000 |

4. COST OF SALES

Cost of sales represents cost of inventories sold.

5. FINANCE COSTS

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Interest expense on: | | | | |
| Bank overdraft and revolving credit | 477,476 | 591,383 | - | - |
| Export credit refinancing, bankers' acceptances, trade loan financing and letter of credit | 1,473,501 | 1,132,305 | - | - |
| Hire purchase | 28,833 | 16,396 | - | - |
| Term loans | 3,775,160 | 3,876,583 | 2,123,570 | 2,242,458 |
| | 5,754,970 | 5,616,667 | 2,123,570 | 2,242,458 |

Notes to the Financial Statements
31 October 2010
cont'd

6. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

| | Group | | Company | |
|--|-------------|------------|-------------|-------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Amortisation of prepaid land lease payments (Note 13) | 248,185 | 187,720 | - | - |
| Auditors' remuneration | 139,673 | 157,700 | 25,000 | 23,000 |
| Bad debts written off | - | 67,470 | - | - |
| Depreciation of property, plant and equipment (Note 12) | 14,215,822 | 9,641,609 | 167,583 | 115,820 |
| Employee benefits expense (Note 7) | 38,463,863 | 34,206,950 | 2,667,377 | 2,181,540 |
| Hire of machinery and vehicle | 29,646 | 11,728 | - | - |
| Net foreign exchange losses: | | | | |
| Realised | 2,728,386 | 7,540,299 | - | 2,838 |
| Unrealised | 20,243 | 4,057,613 | - | - |
| Non-executive directors' remuneration excluding benefits-in-kind (Note 8) | 268,800 | 259,400 | 172,800 | 163,400 |
| Preliminary expenses | - | 2,950 | - | - |
| Property, plant and equipment written off | 83,881 | 66,998 | - | - |
| Rental expenses | 1,017,111 | 904,310 | - | - |
| Gain on disposal of property, plant and equipment | (75,149) | (190,050) | - | - |
| Insurance compensation received | (12,980) | (2,415) | - | - |
| Interest income | (617,632) | (480,728) | (2,173,787) | (2,260,379) |
| Net foreign exchange gains: | | | | |
| Realised | (3,551,910) | (256,585) | - | - |
| Unrealised | (744,303) | (13,733) | - | - |
| Rental received | (15,650) | (12,000) | - | - |

Notes to the Financial Statements
31 October 2010
cont'd

7. EMPLOYEE BENEFITS EXPENSE

| | Group | | Company | |
|--|-------------------|-------------------|------------------|------------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Salaries and wages | 34,665,949 | 29,840,963 | 2,022,063 | 1,596,457 |
| Contributions to defined contribution plan | 1,804,720 | 1,532,991 | 312,442 | 258,059 |
| Social security contributions | 503,651 | 367,184 | 17,514 | 14,949 |
| Share options granted under ESOS (Note 21) | - | 1,400 | - | 1,400 |
| Other benefits | 1,489,543 | 2,464,412 | 315,358 | 310,675 |
| | 38,463,863 | 34,206,950 | 2,667,377 | 2,181,540 |

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,302,347 (2009: RM1,330,764) and RM846,713 (2009: RM781,184) respectively as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

| | Group | | Company | |
|---|------------------|------------------|------------------|----------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Executive directors' remuneration (Note 7): | | | | |
| Fees | 51,200 | 48,000 | 51,200 | 48,000 |
| Other emoluments | 1,251,147 | 1,282,764 | 795,513 | 733,184 |
| | 1,302,347 | 1,330,764 | 846,713 | 781,184 |
| Non-executive directors' remuneration (Note 6): | | | | |
| Fees | 268,800 | 258,000 | 172,800 | 162,000 |
| Share options granted under ESOS | - | 1,400 | - | 1,400 |
| | 268,800 | 259,400 | 172,800 | 163,400 |
| Total directors' remuneration | 1,571,147 | 1,590,164 | 1,019,513 | 944,584 |
| Estimated money value of benefit-in-kind | 29,875 | 37,050 | 23,950 | 23,950 |
| Total directors' remuneration including benefit-in-kind | 1,601,022 | 1,627,214 | 1,043,463 | 968,534 |

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8. DIRECTORS' REMUNERATION *cont'd*

The details of remuneration of directors of the Company are analysed as follows:

| | Group | | Company | |
|--|------------------|------------------|------------------|----------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Executive: | | | | |
| Salaries and other emoluments | 1,016,080 | 903,600 | 719,800 | 663,600 |
| Contributions to defined contribution plan | 181,906 | 162,564 | 126,293 | 116,964 |
| Social security contributions | 620 | 620 | 620 | 620 |
| Estimated money value of benefit-in-kind | 27,950 | 30,450 | 23,950 | 23,950 |
| | 1,226,556 | 1,097,234 | 870,663 | 805,134 |
| Non-Executive: | | | | |
| Fees | 172,800 | 162,000 | 172,800 | 162,000 |
| Share options granted under ESOS | - | 1,400 | - | 1,400 |
| | 172,800 | 163,400 | 172,800 | 163,400 |
| Total | 1,399,356 | 1,260,634 | 1,043,463 | 968,534 |

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

| | Number of Directors | |
|---------------------------------|---------------------|------|
| | 2010 | 2009 |
| Executive directors: | | |
| RM300,001 - RM350,000 | 1 | 1 |
| RM750,001 - RM800,000 | - | 1 |
| RM850,001 - RM900,000 | 1 | - |
| Non-Executive directors: | | |
| RM50,001 - RM100,000 | 3 | 3 |

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9. INCOME TAX (BENEFIT)/EXPENSE

| | Group | | Company | |
|---|-------------|------------|------------|------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Current year tax: | | | | |
| Malaysian income tax | 19,679 | 4,065 | - | (46,543) |
| Foreign tax | 267,199 | 147,219 | - | - |
| | 286,878 | 151,284 | - | (46,543) |
| (Over)/under provision in prior years: | | | | |
| Malaysian income tax | (13,761) | 272,487 | - | - |
| Foreign tax | 16,661 | - | - | - |
| | 2,900 | 272,487 | - | - |
| | 289,778 | 423,771 | - | (46,543) |
| Deferred tax (Note 25): | | | | |
| Relating to origination and reversal of temporary differences | (3,974,546) | 1,369,343 | 110,836 | (44,347) |
| Over provision in prior years | (1,329,395) | (259,764) | - | - |
| | (5,303,941) | 1,109,579 | 110,836 | (44,347) |
| Total tax (benefit)/expense | (5,014,163) | 1,533,350 | 110,836 | (90,890) |

Domestic current income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate for the Group is lower than the statutory income tax rate due to availability of reinvestment allowance from capital expenditure incurred by certain subsidiaries and profit exempted under pioneer status and International Procurement Centre ("IPC") status by the Malaysian Industrial Development Authority ("MIDA") granted to certain subsidiaries, subject to all the criterias set being met.

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9. INCOME TAX (BENEFIT)/EXPENSE *cont'd*

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

| Group | 2010 | 2009 |
|---|-------------|-------------|
| | RM | RM |
| Profit before tax | 30,143,202 | 18,425,677 |
| Income tax at Malaysian statutory tax rate of 25% (2009: 25%) | 7,535,801 | 4,606,419 |
| Effect of different tax rates in other countries | (62,033) | 109,304 |
| Effect of changes in tax rates on opening balance of deferred tax | - | 7,015 |
| Effect of income not subject to tax | (7,538) | (47,513) |
| Effect of income exempted under pioneer status | (1,480,067) | (2,131,591) |
| Effect of income exempted under IPC status | (3,446,432) | (950,548) |
| Effect of expenses not deductible for tax purposes | 1,362,112 | 309,104 |
| Deferred tax assets recognised on reinvestment allowances and unused tax losses | (7,638,171) | (852,838) |
| Deferred tax assets not recognised in respect of current year's tax losses | 48,660 | 471,275 |
| Over provision of deferred tax in prior years | (1,329,395) | (259,764) |
| Under provision of income tax in prior years | 2,900 | 272,487 |
| Income tax (benefit)/expense for the financial year | (5,014,163) | 1,533,350 |
| | 2010 | 2009 |
| | RM | RM |
| Company | | |
| Profit before tax | 9,672,345 | 8,691,855 |
| Income tax at Malaysian statutory tax rate of 25% (2009: 25%) | 2,418,086 | 2,172,964 |
| Effect of income not subject to tax | (2,750,000) | (2,500,000) |
| Effect of expenses not deductible for tax purposes | 442,750 | 236,146 |
| Income tax expense/(benefit) for the year | 110,836 | (90,890) |

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10. EARNINGS PER SHARE

(a) Basic

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

| | Group | |
|---|-------------|-------------|
| | 2010 | 2009 |
| Net profit for the year (RM) | 35,152,435 | 16,964,500 |
| Weighted average number of ordinary shares in issue | 148,847,299 | 140,939,786 |
| Basic earnings per share (sen) | 23.62 | 12.04 |

(b) Diluted

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

In respect of the diluted earnings per share calculation for the share options granted to employees, a calculation is performed to determine the number of shares that could have been issued at market price (determined as the average annual share price of the Company's share) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the net profit for the year for the share options calculation as the ESOS expired during the year.

| | Group | |
|---|-------------|-------------|
| | 2010 | 2009 |
| Net profit for the year (RM) | 35,152,435 | 16,964,500 |
| Weighted average number of ordinary shares in issue | 148,847,299 | 140,939,786 |
| Effect of dilution from share options | - | 207,499 |
| Adjusted weighted average number of ordinary shares in issue and issuable | 148,847,299 | 141,147,285 |
| Diluted earnings per share (sen) | 23.62 | 12.02 |

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11. DIVIDENDS

| | Dividends in Respect of Year | | Dividends Recognised in Year | |
|---|---------------------------------|------------|---------------------------------|-----------|
| | 2010 | 2009 | 2010 | 2009 |
| | RM | RM | RM | RM |
| Group and Company | | | | |
| Recognised during the year ended: | | | | |
| Interim dividend for 31 October 2009: | | | | |
| 6% tax exempt on 138,412,940 ordinary shares of RM0.50 each (3 sen per ordinary share) | - | 4,152,389 | - | 4,152,389 |
| Final dividend for 31 October 2009: | | | | |
| 8% tax exempt on 148,147,970 ordinary shares of RM0.50 each (4 sen per ordinary share) | - | 5,925,919 | 5,925,919 | - |
| | - | 10,078,308 | 5,925,919 | 4,152,389 |

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 October 2010, of 14% on 152,785,770 ordinary shares of RM0.50 each, amounting to a dividend payable of RM10,695,004 (7 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 October 2011.

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12. PROPERTY, PLANT AND EQUIPMENT

| | Freehold Land RM | Buildings RM | Plant and Equipment* RM | Motor Vehicles RM | Renovation, Office Equipment, Furniture and Fittings RM | Capital Work-in- Progress RM | Total RM |
|-----------------------------|------------------------|-----------------|----------------------------------|-------------------------|---|---------------------------------------|--------------|
| Group | | | | | | | |
| Cost | | | | | | | |
| At 1 November 2008 | 1,132,353 | 48,285,613 | 119,201,519 | 2,676,420 | 3,362,927 | 25,357,684 | 200,016,516 |
| Acquisition of a subsidiary | - | - | - | - | - | 712,500 | 712,500 |
| Additions | - | 692,011 | 9,247,117 | 725,856 | 368,594 | 14,429,214 | 25,462,792 |
| Reclassification | - | 3,595,279 | 7,795,522 | - | 33,219 | (11,424,020) | - |
| Disposals/write off | - | (835,000) | (4,136,361) | (4,031) | (311,861) | (10,752,076) | (16,039,329) |
| Exchange differences | 22,463 | 415,079 | 1,050,785 | 4,865 | 26,460 | 282,261 | 1,801,913 |
| At 31 October 2009 | 1,154,816 | 52,152,982 | 133,158,582 | 3,403,110 | 3,479,339 | 18,605,563 | 211,954,392 |
| Additions | - | 15,442,661 | 36,249,889 | 1,562,312 | 926,946 | 14,350,355 | 68,532,163 |
| Reclassification | - | 2,012,914 | 14,323,031 | - | (341,431) | (15,994,514) | - |
| Disposals/write off | - | (773,815) | (17,990,841) | (1,113,262) | (782,798) | - | (20,660,716) |
| Exchange differences | (6,138) | (172,633) | (372,598) | (1,329) | (31,926) | - | (584,624) |
| At 31 October 2010 | 1,148,678 | 68,662,109 | 165,368,063 | 3,850,831 | 3,250,130 | 16,961,404 | 259,241,215 |

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12. PROPERTY, PLANT AND EQUIPMENT *cont'd*

| | Freehold Land RM | Buildings RM | Plant and Equipment* RM | Motor Vehicles RM | Renovation, Office Equipment, Furniture and Fittings RM | Capital Work-in- Progress RM | Total RM |
|---|------------------------|-----------------|----------------------------------|-------------------------|---|---------------------------------------|--------------|
| Group | | | | | | | |
| Accumulated Depreciation | | | | | | | |
| At 1 November 2008 | - | 3,759,213 | 37,176,994 | 1,403,290 | 1,409,262 | - | 43,748,759 |
| Depreciation charge for the year (Note 6) | - | 1,012,850 | 7,901,182 | 287,162 | 440,415 | - | 9,641,609 |
| Disposals/write off | - | (25,050) | (4,083,111) | - | (302,144) | - | (4,410,305) |
| Exchange differences | - | 30,761 | 90,419 | 1,570 | 13,310 | - | 136,060 |
| At 31 October 2009 | - | 4,777,774 | 41,085,484 | 1,692,022 | 1,560,843 | - | 49,116,123 |
| Depreciation charge for the year (Note 6) | - | 1,430,063 | 11,905,995 | 441,133 | 438,631 | - | 14,215,822 |
| Reclassification | - | - | 86,914 | - | (86,914) | - | - |
| Disposals/write off | - | (483,965) | (17,926,193) | (1,113,261) | (763,565) | - | (20,286,984) |
| Exchange differences | - | (7,146) | (45,522) | (436) | (33,612) | - | (86,716) |
| At 31 October 2010 | - | 5,716,726 | 35,106,678 | 1,019,458 | 1,115,383 | - | 42,958,245 |
| Net Carrying Amount | | | | | | | |
| At 31 October 2009 | 1,154,816 | 47,375,208 | 92,073,098 | 1,711,088 | 1,918,496 | 18,605,563 | 162,838,269 |
| At 31 October 2010 | 1,148,678 | 62,945,383 | 130,261,385 | 2,831,373 | 2,134,747 | 16,961,404 | 216,282,970 |

* *Equipment include laboratory equipment, medical equipment and warehouse equipment .*

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12. PROPERTY, PLANT AND EQUIPMENT *cont'd*

| | Office Equipment, Furniture and Fittings RM | Motor Vehicles RM | Total RM |
|---|--|----------------------------------|---------------------|
| Company | | | |
| Cost | | | |
| At 1 November 2008 | 408,897 | 542,200 | 951,097 |
| Additions | 16,350 | - | 16,350 |
| At 31 October 2009 | 425,247 | 542,200 | 967,447 |
| Additions | 278,122 | 103,746 | 381,868 |
| At 31 October 2010 | 703,369 | 645,946 | 1,349,315 |
| Accumulated Depreciation | | | |
| At 1 November 2008 | 138,692 | 91,651 | 230,343 |
| Depreciation charge for the year (Note 6) | 61,600 | 54,220 | 115,820 |
| At 31 October 2009 | 200,292 | 145,871 | 346,163 |
| Depreciation charge for the year (Note 6) | 86,401 | 81,182 | 167,583 |
| At 31 October 2010 | 286,693 | 227,053 | 513,746 |
| Net Carrying Amount | | | |
| At 31 October 2009 | 224,955 | 396,329 | 621,284 |
| At 31 October 2010 | 416,676 | 418,893 | 835,569 |

- (a) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM68,532,163 (2009: RM25,462,792) and RM381,868 (2009: RM16,350) respectively of which RM876,000 (2009: RM285,000) and RM Nil (2009: RM Nil) respectively were acquired by means of hire purchase arrangements. The carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

| | Group | |
|----------------|--------------|-------------|
| | 2010 | 2009 |
| | RM | RM |
| Motor vehicles | 1,512,000 | 299,597 |

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 24.

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12. PROPERTY, PLANT AND EQUIPMENT *cont'd*

- (b) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 23) are as follows:

| | Group | |
|---------------------|------------|------------|
| | 2010 | 2009 |
| | RM | RM |
| Buildings | 21,817,561 | 27,733,335 |
| Plant and equipment | 31,123,581 | 21,278,870 |
| | 52,941,142 | 49,012,205 |

13. PREPAID LAND LEASE PAYMENTS

| | Group | |
|------------------------------------|------------|------------|
| | 2010 | 2009 |
| | RM | RM |
| Long term leasehold land | | |
| At beginning of year | 11,912,349 | 9,500,069 |
| Additions | - | 2,600,000 |
| Amortisation for the year (Note 6) | (248,185) | (187,720) |
| | 11,664,164 | 11,912,349 |

Leasehold land with an aggregate carrying value of RM5,704,581 (2009: RM5,825,601) are pledged as securities for borrowings (Note 23).

14. INTANGIBLE ASSETS

| Group | Goodwill RM |
|--|----------------|
| Cost/Net Carrying Amount | |
| At 1 November 2008 | 2,519,600 |
| Acquisition of subsidiary | 724,560 |
| At 31 October 2009 | 3,244,160 |
| Additional investment in existing subsidiary | 60,727 |
| At 31 October 2010 | 3,304,887 |

The goodwill is arising from the acquisition of subsidiaries in healthcare products and energy provider business segments.

The recoverable amount of the goodwill, for purpose of the impairment testing, is determined based on value-in-use calculations using cash flow projections. The key assumptions used for value-in-use calculations are gross margin of 10% (2009: 12%) and discount rate of 2.78% (2009: 2.04%).

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15. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|-------------------------|------------|------------|
| | 2010 | 2009 |
| | RM | RM |
| Unquoted shares at cost | 46,702,192 | 45,284,073 |

Details of Subsidiaries

| Names of Subsidiaries | Country of Incorporation | Principal Activities | Proportion of Ownership Interest | |
|---|--------------------------|---|----------------------------------|-------|
| | | | 2010 | 2009 |
| Terang Nusa Sdn. Bhd.* | Malaysia | Manufacturing and distribution of sterile surgical and medical examination gloves | 100% | 100% |
| Terang Nusa (Malaysia) Sdn. Bhd. (formerly known as American Healthcare (Malaysia) Sdn. Bhd.) | Malaysia | Manufacturing and distribution of sterile surgical and medical examination gloves | 100% | 100% |
| Nusaco Sdn. Bhd. | Malaysia | Generation and supply of energy and electricity using biomass technology | 100% | 100% |
| Profit Point Manufacturing Sdn. Bhd.* | Malaysia | Manufacturing and distribution of medical examination gloves | 100% | 100% |
| Ulma International GmbH * | Germany | Distribution of medical gloves and other hospital related products | 100% | 100% |
| Purnabina Sdn. Bhd.* | Malaysia | Manufacturing and distribution of medical examination gloves | 97.2% | 97.2% |
| Adventa Health Sdn. Bhd. | Malaysia | Distribution of medical gloves and other hospital related products | 100% | 100% |
| Suizze Health Limited * | Hong Kong | Dormant | 100% | 100% |
| Cozena Limited * | Hong Kong | Investment holding | 100% | 100% |
| Kevenoll S.A. ** | Uruguay | Manufacturing and distribution of medical gloves | 100% | 100% |
| Confidex Sdn. Bhd. | Malaysia | Dormant | 100% | 100% |
| Utama Associates Sdn. Bhd. | Malaysia | Trading in medical and healthcare equipment and appliances | 100% | 60% |
| Sun Healthcare (M) Sdn. Bhd. | Malaysia | Trading in medical and healthcare equipment and appliances | 100% | 60% |
| Cytotec (M) Sdn. Bhd. | Malaysia | Generation and supply of energy and electricity using biomass technology | 100% | 100% |
| Icodex Sdn. Bhd. ## | Malaysia | Dormant | 100% | 100% |

* Audited by firms other than Ernst & Young

Subsidiary of Cozena Limited

Subsidiary of Purnabina Sdn. Bhd.

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15. INVESTMENTS IN SUBSIDIARIES *cont'd*

Additional Investment in Subsidiaries

- (a) During the current financial year, the Company had increased investment of 40% equity interest in Utama Associates Sdn. Bhd. ("Utama Associates") for a total cash consideration of RM459,847. Upon this additional investment, Utama Associates and its 100% wholly owned subsidiary, Sun Healthcare (M) Sdn. Bhd. ("Sun Healthcare") will be wholly owned by the Company.
- (b) In addition, the Group had re-organised the group structure by transferring the entire equity interest in Sun Healthcare held by its wholly owned subsidiary Utama Associates to the Company. Upon this reorganisation, Sun Healthcare ceases to be the subsidiary of Utama Associates and becomes a wholly owned subsidiary of the Company.

16. INVENTORIES

| | Group | |
|---------------------|------------|------------|
| | 2010 | 2009 |
| | RM | RM |
| Cost | | |
| Raw materials | 18,109,082 | 12,996,903 |
| Packaging materials | 3,543,778 | 5,905,643 |
| Work-in-progress | 25,108,062 | 18,850,870 |
| Finished goods | 17,231,504 | 14,575,680 |
| | 63,992,426 | 52,329,096 |

17. TRADE RECEIVABLES

| | Group | |
|-----------------|------------|------------|
| | 2010 | 2009 |
| | RM | RM |
| Third parties | 58,314,053 | 37,271,584 |
| Related parties | - | 10,377,110 |
| | 58,314,053 | 47,648,694 |

(a) Credit Risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

(b) Amount Due from Related Parties

Amount due from related parties relates to companies in which a director of the Company has interest.

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18. OTHER RECEIVABLES

| | Group | | Company | |
|-----------------------------------|------------|------------|------------|------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Current | | | | |
| Subsidiaries | - | - | 93,057,156 | 87,896,059 |
| Deposits and prepayments | 6,276,652 | 7,072,788 | 2,510,391 | 2,751,971 |
| Other receivables | 1,746,845 | 13,289,605 | 604,074 | - |
| Tax recoverable | 1,542,128 | 327,167 | 243,109 | 243,109 |
| | 9,565,625 | 20,689,560 | 96,414,730 | 90,891,139 |
| Long term | | | | |
| Bank deposits with licensed banks | 2,400,000 | 2,400,000 | 2,400,000 | 2,400,000 |

Advances to subsidiaries bear interest of 5.35% (2009: 5.35%) per annum. All subsidiaries' receivables are unsecured and are to be settled in cash.

Long term bank deposits of the Group are pledged as securities for borrowings (Note 23).

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

19. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|------------------------------|------------|------------|------------|------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Cash in hand and at banks | 24,672,718 | 22,065,421 | 10,882,277 | 7,242,293 |
| Deposits with licensed banks | 16,881,900 | 16,765,414 | 16,500,000 | 14,058,613 |
| Cash and cash equivalents | 41,554,618 | 38,830,835 | 27,382,277 | 21,300,906 |

The weighted average effective interest rates of deposits at balance sheet date ranges from 2.50% to 3.30% (2009: 1.90% to 3.70%) per annum.

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20. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

| | Number of Ordinary Shares | | Amount | |
|---|---------------------------|-------------|-------------|-------------|
| | 2010 | 2009 | 2010 RM | 2009 RM |
| Authorised share capital | | | | |
| Number of ordinary shares of RM0.50 each | | | | |
| At 31 October | 200,000,000 | 200,000,000 | 100,000,000 | 100,000,000 |

| | Number of Ordinary Shares of RM0.50 each | | Amount | | | |
|---|--|-----------------|---|---------------------|-------------|-----------------------|
| | Share Capital (Issued and Fully Paid) | Treasury Shares | Share Capital (Issued and Fully Paid) RM | Share Premium RM | Total RM | Treasury Shares RM |
| Number of ordinary shares of RM0.50 each | | | | | | |
| At 1 November 2008 | 139,155,340 | 742,400 | 69,577,670 | 29,195,667 | 98,773,337 | (769,801) |
| Ordinary shares issued during the year: | | | | | | |
| Pursuant to ESOS (Note 21(b)) | 1,519,700 | - | 759,850 | 744,653 | 1,504,503 | - |
| Pursuant to private placement | 4,366,110 | - | 2,183,055 | 2,532,344 | 4,715,399 | - |
| Transaction costs | - | - | - | (89,507) | (89,507) | - |
| Disposal of treasury shares | - | (742,400) | - | 133,191 | 133,191 | 769,801 |
| At 31 October 2009 | 145,041,150 | - | 72,520,575 | 32,516,348 | 105,036,923 | - |
| Ordinary shares issued during the year: | | | | | | |
| Pursuant to ESOS (Note 21(b)) | 7,744,620 | - | 3,872,310 | 10,509,884 | 14,382,194 | - |
| At 31 October 2010 | 152,785,770 | - | 76,392,885 | 43,026,232 | 119,419,117 | - |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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21. OTHER RESERVES

| | Foreign Currency Translation Reserve RM | Share Option Reserve RM | Total RM |
|---|---|----------------------------------|--------------|
| Group | | | |
| At 1 November 2008 | (208,126) | 38,986 | (169,140) |
| Foreign currency translation | (3,992,492) | - | (3,992,492) |
| Share options granted under ESOS | - | 1,400 | 1,400 |
| At 31 October 2009 | (4,200,618) | 40,386 | (4,160,232) |
| Foreign currency translation | (6,556,337) | - | (6,556,337) |
| Expiry of share option granted under ESOS | - | (40,386) | (40,386) |
| At 31 October 2010 | (10,756,955) | - | (10,756,955) |
| Company | | | |
| At 1 November 2008 | - | 38,986 | 38,986 |
| Share options granted under ESOS | - | 1,400 | 1,400 |
| At 31 October 2009 | - | 40,386 | 40,386 |
| Expiry of share option granted under ESOS | - | (40,386) | (40,386) |
| At 31 October 2010 | - | - | - |

(a) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Share Option Reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

Employee Share Options Scheme ("ESOS")

The Adventa Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 28 July 2005. The ESOS was implemented on 29 November 2005 and is to be in force for a period of 5 years from the date of implementation and subject to renewal option for an additional 5 years, to be determined by the Board of Directors. The ESOS expired during the financial year.

The salient details of the ESOS are as follows:

- (i) The ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees and directors of the Group to subscribe for new ordinary shares of RM0.50 each in the Company. Eligible persons under the ESOS include executive and non-executive directors and employees of the Group.

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21. OTHER RESERVES *cont'd*

(b) Share Option Reserve *cont'd*

Employee Share Options Scheme (“ESOS”) *cont'd*

- (ii) Subject to the discretion of the ESOS Committee, any eligible employee whose employment has been confirmed and any director holding office shall be eligible to participate in the ESOS.
- (iii) In the event of cessation of employment, bankruptcy or upon happening of any other event which results in the grantee being deprived of the beneficial ownership of the option prior to the full exercise of the options, such options shall cease without any claim against the Company. Notwithstanding this, the grantee may exercise his unexercised options within the options period subject to such conditions that may be imposed by the ESOS Committee in its discretion where the grantee ceases employment with the Group by reason of:
 - retirement at or after attaining retirement age;
 - ill-health, injury, physical or mental disability;
 - transfer at the discretion of the Company; and/or
 - any other circumstance acceptable to the ESOS Committee, subject to the approval and/or ratification by the Board of Directors.
- (iv) In the event of a change in the capital structure of the Company, the directors may make or provide for adjustments to be made in the option price and/or in the number of shares covered by outstanding options as the directors in its discretion may in good faith determine to be equitably required in order to prevent dilution or enlargement of the rights of the grantee or provide for adjustments in the number of shares to give the grantee the same proportion of the issued share capital of the Company to which the grantee was previously entitled.
- (v) The number of options that may be offered under the ESOS shall be at the discretion of the ESOS Committee after taking into consideration the seniority, performance and length of service, subject to a minimum of 1,000 options and the offer being made in multiples of 1,000 options.
- (vi) The total number of shares to be issued under the ESOS shall not exceed in aggregate 15% of the issued and paid-up share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual eligible person who, either singly or collectively through persons connected with the eligible person, holds 20% or more in the issued and paid-up capital of the Company.
- (vii) The option price for each share shall be the weighted average of the market price for the five market days immediately preceding the date on which the option is granted less, if the ESOS Committee shall so determine at their discretion from time to time, a discount of not more than 10%, or any such rate as may be allowed by the authorities. Notwithstanding this, the option price for each share shall in no event be less than the par value of a share of RM0.50.
- (viii) The options shall become exercisable to the extent of 40% of the options granted on the first financial year from the date of grant and 30% of the options granted on the second and third financial years from the date of grant provided that the employee has been in continuous service with the Group throughout the period. The employees' entitlements to the options are vested as soon as they become exercisable.
- (ix) The new ordinary shares issued upon exercise of the options granted under the ESOS will rank *pari passu* in all respects with the existing ordinary shares of the Company, except that the new ordinary shares will not be entitled to any dividends, rights, allotments or other distributions, the entitlement date of which is prior to the date of allotment of the said shares.

Notes to the Financial Statements
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21. OTHER RESERVES *cont'd*

Employee Share Options Scheme ("ESOS") *cont'd*

The following table illustrates the number and movements in share options during the financial year:

| | Number of Share Options | | | | | | |
|---------------------|---------------------------|--------------------------|-------------|-----------|----------|---------------------------|---------------------------|
| | Outstanding at 01.11.2009 | Movement During the Year | | | | Outstanding at 31.10.2010 | Exercisable at 31.10.2010 |
| | | Granted | Exercised | Forfeited | Expired | | |
| 2010 | | | | | | | |
| 2005 Options | 1,714,120 | 6,109,000 | (7,744,620) | - | (78,500) | - | - |
| Exercise price (RM) | 0.99 | 2.10 | | | | | |
| | Outstanding at 01.11.2008 | Movement During the Year | | | | Outstanding at 31.10.2009 | Exercisable at 31.10.2009 |
| | | Granted | Exercised | Forfeited | Expired | | |
| 2009 | | | | | | | |
| 2005 Options | 3,184,960 | 140,000 | (1,519,700) | (91,140) | - | 1,714,120 | 1,714,120 |
| Exercise price (RM) | 0.99 | | | | | 0.99 | 0.99 |

The exercise period for 2005 Options is from 29 November 2005 to 27 September 2010.

As disclosed in Note 20 to the financial statements, options exercised during the financial year resulted in the issuance of 7,744,620 (2009: 1,519,700) ordinary shares at an average price of RM1.86 (2009: RM0.99) each. The related weighted average share price at the date of exercise was RM2.99 (2009: RM 1.14).

22. RETAINED PROFITS

As at 31 October 2010, the Company has tax exempt profits available for distribution of approximately RM19,145,000 (2009: RM14,071,000), subject to the agreement of the Inland Revenue Board.

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23. BORROWINGS

| | Group | | Company | |
|-------------------------------------|--------------------|--------------------|-------------------|-------------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Short term borrowings | | | | |
| Secured: | | | | |
| Bankers acceptances | 1,183,000 | 2,121,000 | - | - |
| Export credit refinancing | 31,974,796 | 29,904,180 | - | - |
| Hire purchase liabilities (Note 24) | 391,025 | 131,050 | 280,536 | - |
| Revolving credit | 11,500,000 | 9,000,000 | - | - |
| Term loans | 41,249,236 | 14,510,166 | 31,092,529 | 6,011,054 |
| Trade loan financing | 11,143,938 | 1,651,061 | - | - |
| | 97,441,995 | 57,317,457 | 31,373,065 | 6,011,054 |
| Long term borrowings | | | | |
| Secured: | | | | |
| Hire purchase liabilities (Note 24) | 567,301 | 152,895 | 527,718 | - |
| Term loans | 32,610,388 | 58,339,996 | 8,195,735 | 39,288,264 |
| | 33,177,689 | 58,492,891 | 8,723,453 | 39,288,264 |
| Total borrowings | | | | |
| Bankers acceptances | 1,183,000 | 2,121,000 | - | - |
| Export credit refinancing | 31,974,796 | 29,904,180 | - | - |
| Hire purchase liabilities (Note 24) | 958,326 | 283,945 | 808,254 | - |
| Revolving credit | 11,500,000 | 9,000,000 | - | - |
| Term loans | 73,859,624 | 72,850,162 | 39,288,264 | 45,299,318 |
| Trade loan financing | 11,143,938 | 1,651,061 | - | - |
| | 130,619,684 | 115,810,348 | 40,096,518 | 45,299,318 |

The interest rates at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

| | Group | | Company | |
|------------------------|-------------|-------------|-------------|-------------|
| | 2010 % | 2009 % | 2010 % | 2009 % |
| Overdrafts | 6.30 | 6.25 | - | - |
| Term loans | 3.78 - 6.05 | 3.78 - 6.00 | 4.57 - 5.55 | 4.82 - 5.35 |
| Other trade facilities | 3.48 - 3.59 | 3.00 - 5.90 | - | - |

The secured banking facilities and term loans of the Group and of the Company are secured by certain assets of the Group as disclosed in Note 12(b).

Notes to the Financial Statements
31 October 2010
cont'd

23. BORROWINGS *cont'd*

The banking facilities and term loans are secured by the following:

- (i) first legal charge over buildings and prepaid land lease payment as disclosed in Notes 12(b) and 13;
- (ii) cash margin of 10% against utilisation of the facility;
- (iii) corporate guarantees by the Company; and
- (iv) specific debenture incorporating a fixed charge over the machineries financed by the banks.

24. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Future minimum payments: | | | | |
| Not later than 1 year | 439,022 | 148,772 | 315,564 | - |
| Later than 1 year and not later than 2 years | 359,661 | 126,281 | 315,565 | - |
| Later than 2 years and not later than 5 years | 236,673 | 44,096 | 236,673 | - |
| Total minimum future payments | 1,035,356 | 319,149 | 867,802 | - |
| Future finance charges | (77,030) | (35,204) | (59,548) | - |
| Present value of hire purchase liabilities (Note 23) | 958,326 | 283,945 | 808,254 | - |
| Analysis of present value of hire purchase payables: | | | | |
| Not later than 1 year | 391,025 | 131,050 | 280,536 | - |
| Later than 1 year and not later than 2 years | 335,405 | 113,312 | 295,822 | - |
| Later than 2 years and not later than 5 years | 231,896 | 39,583 | 231,896 | - |
| Amount due within 12 months (Note 23) | 958,326 | 283,945 | 808,254 | - |
| Amount due after 12 months (Note 23) | (391,025) | (131,050) | (280,536) | - |
| Amount due after 12 months (Note 23) | 567,301 | 152,895 | 527,718 | - |

The Group has hire purchase and finance lease contracts for certain items of property, plant and equipment (see Note 12(a)). There are no restrictions placed upon the Group by entering into these hire purchase and no arrangements have been entered into for contingent rental payments.

The hire purchase and finance lease liabilities bore interest at the balance sheet date at rates between 2.69% to 3.89% (2009: 3.30% to 3.89%) per annum.

Notes to the Financial Statements
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25. DEFERRED TAXATION

| | Group | | Company | |
|--|-------------|-------------|------------|------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| At beginning of year | 1,172,834 | 249,062 | (98,112) | (53,765) |
| Recognised in income statement (Note 9) | (5,303,941) | 1,109,579 | 110,836 | (44,347) |
| Exchange differences | 51,628 | (185,807) | - | - |
| At end of year | (4,079,479) | 1,172,834 | 12,724 | (98,112) |
| Presented after appropriate offsetting as follows: | | | | |
| Deferred tax assets | (8,451,642) | (5,287,308) | (74,739) | (138,129) |
| Deferred tax liabilities | 4,372,163 | 6,460,142 | 87,463 | 40,017 |
| | (4,079,479) | 1,172,834 | 12,724 | (98,112) |

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

| | Property, Plant and Equipment RM | Others RM | Total RM |
|--------------------------------|---|--------------|-------------|
| At 1 November 2008 | 13,425,120 | 55,320 | 13,480,440 |
| Recognised in income statement | 201,390 | (55,320) | 146,070 |
| Exchange differences | 51,222 | - | 51,222 |
| At 31 October 2009 | 13,677,732 | - | 13,677,732 |
| Recognised in income statement | 5,366,045 | 75,439 | 5,441,484 |
| Exchange differences | (12,707) | - | (12,707) |
| At 31 October 2010 | 19,031,070 | 75,439 | 19,106,509 |

Notes to the Financial Statements
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25. DEFERRED TAXATION *cont'd*

Deferred Tax Assets of the Group:

| | Unutilised Reinvestment Allowances RM | Unabsorbed Tax Losses and Unutilised Capital Allowances RM | Others RM | Total RM |
|--------------------------------|--|--|--------------|--------------|
| At 1 November 2008 | (6,916,026) | (6,315,352) | - | (13,231,378) |
| Recognised in income statement | 260,195 | 1,311,012 | (607,698) | 963,509 |
| Exchange differences | - | (237,029) | - | (237,029) |
| At 31 October 2009 | (6,655,831) | (5,241,369) | (607,698) | (12,504,898) |
| Recognised in income statement | (6,547,436) | (4,805,687) | 607,698 | (10,745,425) |
| Exchange differences | - | 64,335 | - | 64,335 |
| At 31 October 2010 | (13,203,267) | (9,982,721) | - | (23,185,988) |

Deferred Tax Liabilities of the Company:

| | Property, Plant and Equipment RM |
|--------------------------------|---|
| At 1 November 2008 | 56,122 |
| Recognised in income statement | (16,105) |
| At 31 October 2009 | 40,017 |
| Recognised in income statement | 47,446 |
| At 31 October 2010 | 87,463 |

Deferred Tax Assets of the Company:

| | Unabsorbed Tax Losses and Unutilised Capital Allowances RM | Others RM | Total RM |
|--------------------------------|--|--------------|-------------|
| At 1 November 2008 | (96,869) | (13,018) | (109,887) |
| Recognised in income statement | (24,319) | (3,923) | (28,242) |
| At 31 October 2009 | (121,188) | (16,941) | (138,129) |
| Recognised in income statement | 53,613 | 9,777 | 63,390 |
| At 31 October 2010 | (67,575) | (7,164) | (74,739) |

Notes to the Financial Statements
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25. DEFERRED TAXATION *cont'd*

Unrecognised Tax Losses

At the reporting date, the Group has tax losses of approximately RM195,000 (2009: RM1,885,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

26. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days.

27. OTHER PAYABLES

| | Group | | Company | |
|--------------------------|------------|------------|------------|------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Subsidiaries | - | - | 1,843,820 | 1,602,269 |
| Amount due to a director | - | 120,000 | - | - |
| Other payables | 11,880,798 | 3,501,415 | 45,592 | 40,505 |
| Accruals | 8,973,118 | 4,839,237 | 380,408 | 315,500 |
| | 20,853,916 | 8,460,652 | 2,269,820 | 1,958,274 |

Advances from subsidiaries and amount due to a director are non-interest bearing and repayable on demand. The amounts are unsecured and to be settled in cash.

28. CAPITAL COMMITMENTS

| | Group | |
|-------------------------------|------------|------------|
| | 2010 RM | 2009 RM |
| Capital expenditure | | |
| Approved and contracted for: | | |
| Property, plant and equipment | 9,654,362 | 7,484,205 |

Notes to the Financial Statements
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29. CONTINGENT LIABILITIES

Group

Certain employees of a subsidiary company, Purnabina Sdn. Bhd. have filed claims against the subsidiary for alleged benefits under the contract of service dated 1 June 1991. In the opinion of the directors of the Company, the success of such claims is remote on the grounds among others that the alleged benefits had been superseded by the incentives scheme implemented few years after the execution of the said contract of service and as such the said contract of service was deemed to be terminated by the parties.

In addition, the Vendors of the shares of the subsidiary namely Loh & Chin Holdings Pte. Ltd., Chin Swe Sen, Loh Siew Hock and Chong Cwee Gim will cause the bank to issue a bank indemnity of RM1.5 million renewable yearly in favour of the subsidiary and the Purchaser of shares of the subsidiary, Adventa Berhad to settle the claims of the employees. If the bank indemnity is insufficient to settle the claims, the Vendors shall settle the difference to the subsidiary and the Purchaser.

30. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

| | 2010 RM | 2009 RM |
|-------------------------------------|------------|------------|
| Group | | |
| Related parties:* | | |
| Sub-contractor charges paid/payable | - | 3,542,446 |
| Rental | 118,400 | 110,400 |
| Company | | |
| Gross dividends from subsidiaries | 11,000,000 | 10,000,000 |
| Interest charges to subsidiaries | 1,705,802 | 1,886,325 |
| Management fees from subsidiaries | 2,220,000 | 1,560,000 |

* *Related parties are companies in which a director has interests.*

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

- (i) Sub-contractor charges relate to packaging of gloves and charged based on direct costs incurred.
- (ii) The interest income arose from the amounts due from subsidiaries.

Information regarding outstanding balances arising from related party transactions as at 31 October 2010 are disclosed in Note 17, Note 18 and Note 27.

Notes to the Financial Statements
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30. RELATED PARTY DISCLOSURES *cont'd*

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follow:

| | Group | | Company | |
|----------------------------------|------------------|------------------|------------------|----------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Short-term employee benefits | 1,525,752 | 1,626,446 | 893,220 | 826,220 |
| Defined contribution plan | 211,090 | 200,724 | 126,293 | 116,964 |
| Share options granted under ESOS | - | 1,400 | - | 1,400 |
| | 1,736,842 | 1,828,570 | 1,019,513 | 944,584 |

Included in the total remuneration of key management personnel are:

| | Group | | Company | |
|----------------------------------|------------|------------|------------|------------|
| | 2010 RM | 2009 RM | 2010 RM | 2009 RM |
| Directors' remuneration (Note 8) | 1,571,147 | 1,590,164 | 1,019,513 | 944,584 |

Executive directors of the Group and the Company and other members of key management have been granted the following number of options under ESOS:

| | Group and Company | |
|----------------------|-------------------|----------------|
| | 2010 RM | 2009 RM |
| At beginning of year | 672,000 | 775,000 |
| Granted | 1,100,000 | 140,000 |
| Exercised | (1,722,000) | (243,000) |
| Expired | (50,000) | - |
| At end of year | - | 672,000 |

Notes to the Financial Statements
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31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

(c) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Euro (EUR), Great Britain Pound Sterling (GBP), Japanese Yen (JPY), Singapore Dollars (SGD) and United States Dollars (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investments are located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Net Financial Assets/(Liabilities) Held in Non-Functional Currencies

| Functional Currency of Group Companies | Euro | Great Britain Pound Sterling | Japanese Yen | Singapore Dollars | United States Dollars | Total |
|---|-------------|---------------------------------------|-----------------|----------------------|-----------------------------|--------------|
| | RM | RM | RM | RM | RM | |
| At 31 October 2010 | | | | | | |
| Ringgit Malaysia | (4,587,533) | 736,331 | (702,540) | 464,355 | (24,454,732) | (28,544,119) |
| Euro | - | - | - | - | 23,749 | 23,749 |
| Uruguayan Peso | - | - | - | - | (1,666,278) | (1,666,278) |
| | (4,587,533) | 736,331 | (702,540) | 464,355 | (26,097,261) | (30,186,648) |
| At 31 October 2009 | | | | | | |
| Ringgit Malaysia | 3,138,068 | 1,213,943 | (131,553) | 366,010 | 22,075,818 | 26,662,286 |
| Euro | - | - | - | - | 140,000 | 140,000 |
| Uruguayan Peso | - | - | - | - | 898,992 | 898,992 |
| | 3,138,068 | 1,213,943 | (131,553) | 366,010 | 23,114,810 | 27,701,278 |

Notes to the Financial Statements
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31. FINANCIAL INSTRUMENTS *cont'd*

(c) Foreign Currency Risk *cont'd*

As at balance sheet date, the Group had entered into forward foreign exchange contracts with maturity within one year at the following notional amounts:

| | Currency | Total Notional Amount RM |
|--|----------|-----------------------------------|
| At 31 October 2010 | | |
| Forwards used to hedge trade receivables | USD | 57,437,219 |
| Forwards used to hedge trade receivables | EUR | 16,779,880 |
| | | <u>74,217,099</u> |
| At 31 October 2009 | | |
| Forwards used to hedge trade receivables | USD | 33,945,660 |
| Forwards used to hedge trade payables | USD | (22,727,138) |
| | | <u>11,218,522</u> |

(d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

Notes to the Financial Statements
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31. FINANCIAL INSTRUMENTS *cont'd*

(f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

| | Note | Group | | Company | |
|---------------------------|------|-----------------------|------------------|-----------------------|------------------|
| | | Carrying Amount RM | Fair Value RM | Carrying Amount RM | Fair Value RM |
| At 31 October 2010 | | | | | |
| Long term bank deposits | 18 | 2,400,000 | 1,853,240 | 2,400,000 | 1,853,240 |
| Term loans | 23 | 73,859,624 | 73,583,035 | 39,288,264 | 38,954,150 |
| Hire purchase liabilities | 24 | 958,326 | 969,875 | 808,254 | 808,007 |
| At 31 October 2009 | | | | | |
| Long term bank deposits | 18 | 2,400,000 | 1,700,221 | 2,400,000 | 1,700,221 |
| Term loans | 23 | 72,850,162 | 71,947,294 | 45,299,318 | 44,510,653 |
| Hire purchase liabilities | 24 | 283,945 | 296,988 | - | - |

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

Other receivables (non-current), borrowings and other payable (non-current)

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of lending, borrowing and leasing arrangements.

32. SEGMENT INFORMATION

(a) Reporting Format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business Segments

The Group comprises the following three major business segments:

- (i) Manufacturing, distribution and trading of healthcare products.
- (ii) Generation and supply of energy and electricity using biomass technology.
- (iii) Provision of management services to subsidiaries.

Notes to the Financial Statements
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32. SEGMENT INFORMATION *cont'd*

(c) Geographical Segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in four geographical areas:

- (i) Malaysia - the operations in this area are principally manufacturing, distribution and trading of healthcare products. Other operations include generation and supply of energy and electricity, and provision of management services.
- (ii) Germany - the operations in this area are principally distribution of healthcare products.
- (iii) Hong Kong - investment holding.
- (iv) Uruguay - manufacturing and distribution of healthcare products.

(d) Allocation Basis and Transfer Pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Notes to the Financial Statements
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32. SEGMENT INFORMATION *cont'd*

Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

| | Healthcare Products RM | Energy Provider RM | Others RM | Eliminations RM | Total RM |
|--|------------------------------|--------------------------|--------------|--------------------|-------------|
| At 31 October 2010 | | | | | |
| REVENUE | | | | | |
| Sales to external customers | 341,812,759 | - | - | - | 341,812,759 |
| Inter-segment sales | 305,256,149 | 19,412,725 | 13,220,000 | (337,888,874) | - |
| Total revenue | 647,068,908 | 19,412,725 | 13,220,000 | (337,888,874) | 341,812,759 |
| RESULTS | | | | | |
| Segment results | 28,572,793 | 8,241,664 | 11,787,644 | (12,703,929) | 35,898,172 |
| Finance costs | | | | | (5,754,970) |
| Profit before taxation | | | | | 30,143,202 |
| Income tax expense | | | | | 5,014,163 |
| Net profit for the year | | | | | 35,157,365 |
| ASSETS | | | | | |
| Segment assets representing total assets | 464,489,502 | 41,173,926 | 212,465,524 | (302,598,567) | 415,530,385 |
| LIABILITIES | | | | | |
| Segment liabilities representing total liabilities | 329,078,192 | 27,840,882 | 84,421,194 | (247,712,595) | 193,627,673 |
| OTHER SEGMENT INFORMATION | | | | | |
| Capital expenditure | 77,305,860 | 19,592,256 | 381,868 | (28,747,821) | 68,532,163 |
| Amortisation | 248,185 | - | - | - | 248,185 |
| Depreciation | 12,938,155 | 1,110,084 | 167,583 | - | 14,215,822 |
| Property, plant and equipment written off | 83,881 | - | - | - | 83,881 |

Notes to the Financial Statements
31 October 2010
cont'd

32. SEGMENT INFORMATION *cont'd*

Business Segments *cont'd*

| | Healthcare Products RM | Energy Provider RM | Others RM | Eliminations RM | Total RM |
|--|------------------------------|--------------------------|-------------------|----------------------|--------------------|
| At 31 October 2009 | | | | | |
| REVENUE | | | | | |
| Sales to external customers | 282,742,460 | - | - | - | 282,742,460 |
| Inter-segment sales | 219,117,249 | 15,091,525 | 11,560,000 | (245,768,774) | - |
| Total revenue | 501,859,709 | 15,091,525 | 11,560,000 | (245,768,774) | 282,742,460 |
| RESULTS | | | | | |
| Segment results | 14,123,479 | 6,082,495 | 10,862,837 | (7,026,467) | 24,042,344 |
| Finance costs | | | | | (5,616,667) |
| Profit before taxation | | | | | 18,425,677 |
| Income tax expense | | | | | (1,533,350) |
| Net Profit for the Year | | | | | 16,892,327 |
| ASSETS | | | | | |
| Segment assets representing total assets | 369,799,124 | 17,915,928 | 209,256,510 | (251,791,291) | 345,180,271 |
| LIABILITIES | | | | | |
| Segment liabilities representing total liabilities | 261,358,188 | 5,184,053 | 98,164,675 | (204,771,174) | 159,935,742 |
| OTHER SEGMENT INFORMATION | | | | | |
| Capital expenditure | 26,947,563 | 2,708,259 | 16,350 | (4,209,380) | 25,462,792 |
| Amortisation | 187,720 | - | - | - | 187,720 |
| Depreciation | 8,798,124 | 727,665 | 115,820 | - | 9,641,609 |
| Property, plant and equipment written off | 66,998 | - | - | - | 66,998 |

Notes to the Financial Statements
31 October 2010
cont'd

32. SEGMENT INFORMATION *cont'd*

Geographical Segments

The following table provides the Group's revenue, segment assets and capital expenditure, analysed by geographical segments:

| | Total Revenue from External Customers | | Segment Assets | | Capital Expenditure | |
|-----------|--|-------------|----------------|-------------|---------------------|------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | RM | RM | RM | RM | RM | RM |
| Malaysia | 302,090,992 | 258,457,988 | 368,020,145 | 300,965,794 | 66,931,066 | 21,297,881 |
| Germany | 12,425,940 | 11,190,017 | 4,226,111 | 3,744,374 | - | 21,906 |
| Hong Kong | - | - | 47,783 | 36,878 | - | - |
| Uruguay | 27,295,827 | 13,094,455 | 43,236,346 | 40,433,225 | 1,601,097 | 4,143,005 |
| | 341,812,759 | 282,742,460 | 415,530,385 | 345,180,271 | 68,532,163 | 25,462,792 |

33. SIGNIFICANT AND SUBSEQUENT EVENTS

- (a) On 3 January 2010, the Company's wholly owned subsidiary, American Healthcare (Malaysia) Sdn. Bhd. has changed its name to Terang Nusa (Malaysia) Sdn. Bhd..
- (b) On 11 March 2010, the Board of Directors of Adventa Berhad ("Board") announced that the Company had entered into a Share Sale Agreement to acquire 248,000 ordinary shares of RM1.00 each in Utama Associates Sdn. Bhd. ("Utama Associates"), representing 40% shares of the total issued and paid up capital of Utama Associates at a purchase consideration of RM459,847 to be satisfied wholly by cash. Upon this additional investment, Utama Associates becomes a wholly owned subsidiary of the Company.
- (c) On 15 June 2010, the Board announced that the Group 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 to the Company. Upon this re-organisation, Sun Healthcare ceases to be the subsidiary of Utama Associates and becomes a wholly owned subsidiary of the Company.
- (d) On 15 December 2010, the Board announced that the Company had disposed the entire shares in Suisse Health Limited ("Suisse Health"), representing 100% of the paid up capital in Suisse Health for a total consideration of HK\$10,000 ("the Disposal"). The Disposal resulted in Suisse Health ceasing to become a subsidiary of the Company.

Notes to the Financial Statements
31 October 2010
cont'd

34. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 October 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

| | Group | Company |
|--|--------------|----------------|
| | RM | RM |
| Total retained profits: | | |
| Realised | 129,275,045 | 11,949,313 |
| Unrealised | 4,988,802 | (12,724) |
| | 134,263,847 | 11,936,589 |
| Less : Consolidation adjustments | 21,841,273 | - |
| Retained profits as per financial statements | 112,422,574 | 11,936,589 |

List of Properties

as at 31 October 2010

| Address/Location | Description/ Use | Land Area (square metres) | Tenure | Age of Building No. of Years | Net Book Value as at 31.10.2010 RM'000 | Date of Acquisition |
|--|--|--|--|---------------------------------------|---|------------------------|
| Terang Nusa Sdn. Bhd. | | | | | | |
| Lot 5050 and Lot 5051 Title PN 3030 and PN 3029 Mukim of Panchor District of Kota Bharu Kelantan | Biomass plant and rubber gloves factory | Lot 5050 : 26,400 Lot 5051 : 23,660 | 66 years leasehold expiring on 15.02.2063 | 7 | 12,383 | 1 Apr 2004 |
| Lot 5053 Title PN 3027 Mukim of Panchor District of Kota Bharu Kelantan | Industrial land developed with rubber gloves factory | 23,410 | 66 years leasehold expiring on 15.02.2063 | 15 | 12,382 | 1 Apr 2004 |
| Lot 5054 and Lot 5055 Title PN 3026 and PN 3025 Mukim Panchor District of Kota Bharu Kelantan | Vacant industrial land | Lot 5054 : 20,687 Lot 5055 : 20,762 | 66 years leasehold expiring on 15.02.2063 | N/A | 2,045 | 1 Dec 2006 |
| Terang Nusa (Malaysia) Sdn. Bhd. (formerly known as American Healthcare (Malaysia) Sdn. Bhd.) | | | | | | |
| Lot 5052 Title PN 3028 Mukim of Panchor District of Kota Bharu Kelantan | Detached factory, single story building, water storage tank and water treatment system | 21,840 | 66 years leasehold expiring on 15.02.2063 | 7 | 7,653 | 1 Apr 2004 |
| Lot PTD 26624 and Lot PTD 27735 No. HS(D) 29380 and HS(D) 27148 Mukim of Kluang District of Kluang Johor | Rubber gloves factory, office and canteen | Lot PTD 26624 : 13,237 Lot PTD 27735 : 9443 | 60 years leasehold expiring on 28.08.2053 60 years leasehold expiring on 26.11.2051 | 1 | 17,307 | 28 Feb 2008 |

List of Properties
as at 31 October 2010
cont'd

| Address/Location | Description/ Use | Land Area (square metres) | Tenure | Age of Building No. of Years | Net Book Value as at 31.10.2010 RM'000 | Date of Acquisition |
|---|--|---------------------------------|--|---------------------------------------|---|------------------------|
| Profit Point Manufacturing Sdn. Bhd. | | | | | | |
| Lot PTD 38819 No. HS(D) 23919 Mukim of Kluang District of Kluang Johor | Rubber gloves factory, office and canteen | 5,318 | 60 years leasehold expiring on 09.10.2049 | 23 | 869 | 1 Apr 2004 |
| Purnabina Sdn. Bhd. | | | | | | |
| Lot PTD 38818 No. HS(D) 23914 Mukim of Kluang District of Kluang Johor | Rubber gloves factory, office and canteen | 12,140 | 60 years leasehold expiring on 09.10.2049 | 23 | 2,270 | 1 Nov 2004 |
| Lot PTD 26427 No. HS(D) 25436 Mukim of Kluang District of Kluang Johor | Rubber gloves factory | 12,974 | 60 years leasehold expiring on 07.11.2050 | 4 | 9,284 | 29 Mar 2006 |
| Kevenoll S.A. | | | | | | |
| Lot 19.417 and 20.093 Ruta 74, KM 25.5 Canelones Uruguay | Rubber gloves factory, office and canteen | 50,007 | Freehold | 5 | 10,241 | 10 May 2005 |
| Utama Associates Sdn. Bhd. | | | | | | |
| Lot PT 34869 No. HS(M) 22226 Town of Kepong District of Gombak Selangor | Shop lot | 149 | Freehold | 14 | 381 | 1 Dec 2007 |

Statistics of Shareholdings

as at 18 March 2011

| | | |
|----------------------------|---|---|
| Authorised Share Capital | : | RM100,000,000/- |
| Issued and Paid-Up Capital | : | RM76,392,885/-comprising 152,785,770 Ordinary Shares of RM0.50 each |
| Class of Shares | : | Ordinary Shares of RM0.50 each |
| On show of hands | : | One vote per shareholder/proxy present |
| On a poll | : | One vote per Ordinary Share held |

ANALYSIS OF SHAREHOLDINGS

A. DISTRIBUTION OF SHAREHOLDINGS

| Range of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|--|---------------------|---------------|--------------------|---------------|
| Less than 99 | 131 | 2.63 | 5,854 | 0.00 |
| 100 - 1,000 | 992 | 19.93 | 850,968 | 0.56 |
| 1,001 - 10,000 | 3,067 | 61.61 | 13,520,844 | 8.85 |
| 10,001 - 100,000 | 715 | 14.36 | 20,534,988 | 13.44 |
| 100,001 to less than 5% of issued shares | 70 | 1.41 | 35,502,664 | 23.24 |
| 5% and above of issued shares | 3 | 0.06 | 82,370,452 | 53.91 |
| Total | 4,978 | 100.00 | 152,785,770 | 100.00 |

B. SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

| No. | Name | Direct | | Indirect | |
|-----|--------------------------------|---------------|-------|----------------|-------|
| | | No. of Shares | % | No. of Shares | % |
| 1. | Low Chin Guan | 58,446,552 | 38.25 | 7,960,960 * | 5.21 |
| 2. | Wong Koon Mei @ Wong Kwan Mooi | 3,460,000 | 2.26 | 62,947,512 ** | 41.20 |
| 3. | Low Lea Kwan | 4,500,960 | 2.95 | 61,906,552 *** | 40.52 |
| 4. | Lembaga Tabung Haji | 14,323,900 | 9.38 | - | - |

* Deemed interested by virtue of the family relationship between Mr. Low Chin Guan and Madam Wong Koon Mei@Wong Kwan Mooi, who is his mother and Ms. Low Lea Kwan, who is his sister.

** Deemed interested by virtue of the family relationship between Madam Wong Koon Mei@Wong Kwan Mooi and Mr. Low Chin Guan, who is her son and Ms. Low Lea Kwan, who is her daughter.

*** Deemed interested by virtue of the family relationship between Ms. Low Lea Kwan and Mr. Low Chin Guan, who is her brother and Madam Wong Koon Mei@Wong Kwan Mooi, who is her mother.

Statistics of Shareholdings
as at 18 March 2011
cont'd

C. DIRECTORS' SHAREHOLDINGS
(as shown in the Register of Directors' Shareholdings)

| No. | Name | Direct | | Indirect | |
|-----|--|---------------|-------|--------------------------|------|
| | | No. of Shares | % | No. of Shares | % |
| 1. | Low Chin Guan | 58,446,552 | 38.25 | 7,960,960 ⁽¹⁾ | 5.21 |
| 2. | Kwek Siew Leng | 928,200 | 0.61 | - | - |
| 3. | Toh Seng Thong | 140,000 | 0.09 | - | - |
| 4. | Edmond Cheah Swee Leng | 100,000 | 0.07 | - | - |
| 5. | Dato' Dr. Norraesah Binti Haji Mohamad | 140,000 | 0.09 | - | - |

⁽¹⁾ Deemed interested by virtue of the family relationship between Mr. Low Chin Guan and Madam Wong Koon Mei@Wong Kwan Mooi, who is his mother and Ms. Low Lea Kwan, who is his sister.

Mr. Low Chin Guan, by virtue of his total direct and indirect interests of 66,407,512 shares in the Company, and pursuant to Section 6A(4)(c) of the Companies Act, 1965, is deemed interested in the shares in all of the Company's subsidiary companies to the extent that the Company has interests.

D. THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

| No. | Shareholders | No. of Shares | % |
|-----|---|---------------|-------|
| 1. | Low Chin Guan | 58,446,552 | 38.25 |
| 2. | Lembaga Tabung Haji | 14,323,900 | 9.38 |
| 3. | HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt AN for Clearstream Banking S.A.</i> | 9,600,000 | 6.28 |
| 4. | Low Lea Kwan | 4,296,000 | 2.81 |
| 5. | Wong Koon Mei @ Wong Kwan Mooi | 3,460,000 | 2.26 |
| 6. | Amanahraya Trustees Berhad <i>Public Islamic Opportunities Fund</i> | 2,365,700 | 1.55 |
| 7. | Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing (JRC)</i> | 1,888,000 | 1.24 |
| 8. | Koperasi Permodalan Felda Berhad | 1,443,100 | 0.94 |
| 9. | Sin Tong Meng | 1,206,800 | 0.79 |
| 10. | Koperasi Permodalan Felda Berhad | 1,177,100 | 0.77 |
| 11. | HSBC Nominees (Tempatan) Sdn. Bhd. | 1,000,000 | 0.65 |
| 12. | CIMB Trustee Berhad <i>Amanah Saham Darul Iman</i> | 980,000 | 0.64 |
| 13. | CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Lai Kim Fook (MY0637)</i> | 960,600 | 0.63 |
| 14. | Wong Yoke Fong @ Wong Nyok Fing | 935,900 | 0.61 |
| 15. | Kwek Siew Leng | 928,200 | 0.61 |
| 16. | Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Mak Tian Meng</i> | 900,000 | 0.59 |
| 17. | Liew Chuan Hau | 694,964 | 0.45 |
| 18. | Koperasi Permodalan Felda Malaysia Berhad | 682,900 | 0.45 |
| 19. | Lau Kooi See | 644,100 | 0.42 |

Statistics of Shareholdings
as at 18 March 2011
cont'd

D. THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS *cont'd*

| No. | Shareholders | No. of Shares | % |
|-----|---|---------------|-------|
| 20. | CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Mak Tian Meng (MY0343)</i> | 600,000 | 0.39 |
| 21. | Tan Chia Yit | 583,000 | 0.38 |
| 22. | Koperasi Permodalan Felda Malaysia Berhad | 459,000 | 0.30 |
| 23. | Mayban Nominees (Tempatan) Sdn. Bhd. <i>Wee Seng Yeen</i> | 450,000 | 0.29 |
| 24. | Wee Ye Yee | 438,000 | 0.29 |
| 25. | Theang Kok Keong | 400,000 | 0.26 |
| 26. | Radiation Safetech Limited | 399,100 | 0.26 |
| 27. | Lai Kim Fook | 396,728 | 0.26 |
| 28. | Amanahraya Trustees Berhad <i>Dana Al-Aiman</i> | 365,600 | 0.24 |
| 29. | Cheong Siew Chyuan | 350,000 | 0.23 |
| 30. | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Prusmall-Cap Fund</i> | 320,000 | 0.21 |
| | | 110,695,244 | 72.45 |

Notice of Eighth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at Dewan Merbok, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Thursday, 28 April 2011 at 12.00 noon for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 October 2010 together with the Reports of the Directors and the Auditors thereon. **(Resolution 1)**
2. To approve the declaration of a First and Final Tax Exempt Dividend of 7 sen per share for the financial year ended 31 October 2010. **(Resolution 2)**
3. To approve the payment of Directors' fees for the financial year ended 31 October 2010. **(Resolution 3)**
4. To re-elect the following Directors who retire pursuant to Article 114 of the Company's Articles of Association and being eligible, have offered themselves for re-election: -
 - (a) Mr. Edmond Cheah Swee Leng; and **(Resolution 4)**
 - (b) Ms. Kwek Siew Leng **(Resolution 5)**
5. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

ORDINARY RESOLUTION 1

- **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **(Resolution 7)**

"**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad("Bursa Securities"); AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION 2

- **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** **(Resolution 8)**

"**THAT**, subject to the compliance with Section 67A of the Companies Act, 1965 and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing issued and paid-up ordinary share capital of the Company including the shares previously purchased and retained as Treasury Shares (if any), upon such terms and conditions as set out in the Circular to Shareholders dated 6 April 2011.

Notice of Eighth Annual General Meeting
cont'd

AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Bursa Securities Main Market Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Bursa Securities Main Market Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company. "

7. To transact any other ordinary business of which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT a First and Final Tax Exempt Dividend of 7 sen per share in respect of the financial year ended 31 October 2010 will be payable on 18 July 2011 to depositors who are registered in the Record of Depositors at the close of business on 30 June 2011, if approved by members at the forthcoming Eighth Annual General Meeting on 28 April 2011.

A Depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4:00 p.m. on 30 June 2011 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

Chua Siew Chuan
(MAICSA 0777689)

Pan Seng Wee
(MAICSA 7034299)
Company Secretaries

Kota Bharu
Dated : 6 April 2011

Notice of Eighth Annual General Meeting cont'd

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 April 2011 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.*
2. *A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where two (2) proxies are appointed, a member shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If a member appoints two (2) proxies, he must specify which proxy is entitled to vote on a show of hands, only one of those proxies is entitled to vote on a show of hands. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a Power of Attorney.*
4. *The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.*

Explanatory Notes To Special Business:

1. *Ordinary Resolution 1
- Authority to issue shares pursuant to Section 132D of the Companies Act, 1965*

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act, 1965 at the Eighth Annual General Meeting of the Company (hereinafter referred to as the "General Mandate"),

The Company had been granted a General Mandate by its shareholders at the Seventh Annual General Meeting of the Company held on 25 March 2010 ("the Previous Mandate").

As at the date of this notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

2. *Ordinary Resolution 2
- Proposed Renewal of Authority for Share Buy-Back*

The proposed adoption of Ordinary Resolution 2 is to renew the authority granted by the shareholders of the Company at the Seventh Annual General Meeting held on 25 March 2010. The proposed renewal will allow your Directors to exercise the power of the Company to purchase not more than 10% of the issued and paid-up share capital of the Company any time within the time period stipulated in Bursa Securities Main Market Listing Requirements.



| | |
|--------------------------------------|--|
| NUMBER OF ORDINARY SHARES HELD | |
|--------------------------------------|--|

*I/We
(Full Name In Capital Letters)

of
(Full Address)

being a Member of ADVENTA BERHAD, do hereby appoint
.....
(Full Name In Capital Letters)

of
(Full Address)

or failing him/her
(Full Name In Capital Letters)

of
(Full Address)

or failing him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Eighth Annual General Meeting of the Company to be held at Dewan Merbok, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Thursday, 28 April 2011 at 12.00 noon and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain from voting at his discretion.

| No. | Resolutions | For | Against |
|-----|--|-----|---------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 October 2010 together with the Reports of the Directors and the Auditors thereon. | | |
| 2. | To approve the declaration of a First and Final Tax Exempt Dividend of 7 sen per share for the financial year ended 31 October 2010. | | |
| 3. | To approve the payment of Directors' fees for the financial year ended 31 October 2010. | | |
| 4. | To re-elect the Director, Mr. Edmond Cheah Swee Leng who retires pursuant to Article 114 of the Company's Articles of Association. | | |
| 5. | To re-elect the Director, Ms. Kwek Siew Leng who retires pursuant to Article 114 of the Company's Articles of Association. | | |
| 6. | To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | | |
| 7. | Special Business <i>Ordinary Resolution 1</i> - Authority to issue shares pursuant to Section 132D of the Companies Act 1965. | | |
| 8. | <i>Ordinary Resolution 2</i> - Proposed Renewal of Authority for Share Buy-Back. | | |

* Strike out whichever not applicable.

As witness my/our hand this day of 2011

.....
Signature of Member/Common Seal

Notes:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 21 April 2011 shall be eligible to attend the Meeting.*
- A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where two (2) proxies are appointed, a member shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If a member appoints two (2) proxies, he must specify which proxy is entitled to vote on a show of hands, only one of those proxies is entitled to vote on a show of hands. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provision of Sections 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a Power of Attorney in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney appointed under a Power of Attorney.*
- The instrument appointing a proxy must be deposited at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.*

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Secretary

ADVENTA BERHAD (618533-M)

c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

1st Fold Here