



ADVENTA BERHAD
(Company No : 618533-M)
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 31 JANUARY 2008

UNAUDITED NOTES TO FINANCIAL STATEMENTS

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

1. BASIS OF PREPARATION

The interim financial statements have been prepared on a historical basis.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9 paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 January 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 January 2007.

2. CHANGES IN ACCOUNTING POLICIES

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

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

The new and revised FRS 6 and 119²⁰⁰⁴ are not relevant to the operation of the Group. The adoption of the revised FRS 124 does not have significant financial impact on the Group.



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

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

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

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

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 February 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 January 2008 are set out below. There were no effects on the consolidated income statement for the quarter ended 31 January 2008.

	As previously reported RM'000	Effect RM'000	As restated RM'000
<u>Balance Sheet as at 31 January 2008</u>			
Property, plant and equipment	146,039	(9,932)	136,107
Prepaid land lease payments	-	9,932	9,932
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<u>Balance Sheet as at 31 January 2007</u>			
Property, plant and equipment	117,316	(9,827)	107,489
Prepaid land lease payments	-	9,827	9,827
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Last year, the Group unrecognised deferred tax assets on unused reinvestment allowances. During the year, the Group changed its accounting policy and accordingly, deferred tax assets on unused reinvestment allowances had been recognised into current period financial statements.

The change in accounting policy has been applied retrospectively and comparatives have been restated. The effects of change in accounting policy are as follows:

	2008	2007
	RM'000	RM'000
<u>Effect on retained profits:</u>		
At 01 February, as previously stated	43,169	21,100
Effect of change in accounting policy	3,185	2,336
At 01 February, as restated	<u>46,354</u>	<u>23,436</u>

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

4. COMMENTS ABOUT SEASONAL, CYCLICAL AND EXCEPTIONAL FACTORS

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

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no other unusual items affecting assets, liabilities, equity, net income and cash flows during the financial period ended 31 January 2008.



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6. CHANGES IN ESTIMATES

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

7. DEBTS AND EQUITY SECURITIES

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

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

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

During the current quarter ended quarter ended 31 January 2008, a total of 681,040 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the ESOS, and a total of 9,000,000 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of private placement. The details of the issued and paid-up capital of the Company as at 31 January 2008 are as follows:

	No. of shares	RM
As at 31 October 2007	129,174,200	64,587,100
Ordinary shares issued pursuant to the ESOS	681,040	340,520
Ordinary shares issued pursuant to private placement	9,000,000	4,500,000
As at 31 January 2008	<u>138,855,240</u>	<u>69,427,620</u>



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8. DIVIDENDS PAID

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

9. SEGMENTAL INFORMATION

	4th Quarter		Cumulative	
	31.01.2008	31.01.2007	31.01.2008	31.01.2007
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Healthcare products	109,338	94,573	406,014	327,187
Energy provider	3,176	4,868	12,126	11,053
Others	330	6,600	1,320	7,185
Total revenue including inter-segment sales	112,844	106,041	419,460	345,425
Elimination of inter-segment sales	(50,216)	(58,126)	(194,559)	(171,903)
Total	62,628	47,915	224,901	173,522

	4th Quarter		Cumulative	
	31.01.2008	31.01.2007	31.01.2008	31.01.2007
	RM'000	RM'000	RM'000	RM'000
<u>Segment Results</u>				
Healthcare products	8,212	6,006	23,597	15,804
Energy provider	1,386	3,176	4,591	4,960
Others	(382)	5,546	(925)	4,421
Elimination	(2,541)	(7,337)	(3,374)	(8,077)
Total	6,675	7,391	23,889	17,108

10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements of the Group except for the reclassification of leasehold land as prepaid lease payments which has been accounted for retrospectively as disclosed in Note 2.



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11. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter except as stated below:

On 20 March 2008, the Company's wholly owned subsidiary, Adventa Health Sdn Bhd subscribed to 51% equity interest in Adventa Health Australia Pty Ltd, a dormant company having its place of incorporation in Australia, at a total cash consideration of AUD510.

12. CHANGES IN COMPOSITION OF THE GROUP

During the current quarter the Company had acquired 372,000 ordinary shares of RM1.00 each in Utama Associates Sdn Bhd (Utama) representing 60% equity interest for a total cash consideration of RM700,000. The completion of Utama's acquisition has also made Sun Healthcare (M) Sdn Bhd, a wholly owned subsidiary of Utama as Group's subsidiary.

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

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 31 January 2008, the Company has outstanding contingent liabilities amounting to RM208.3 million (2007: RM115.6 million) being corporate guarantees given to financial institutions and suppliers for banking facilities and material supplies to the Group's subsidiaries.

14. CAPITAL COMMITMENTS

The amount of commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 31 January 2008 is as follows:

Approved and contracted for	RM'000 <u>5,678</u>
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15. PERFORMANCE REVIEW

The Group achieved an increase of RM62.63 million revenue for the current quarter, a 31% higher than the comparative quarter last year. Major contributor for the increase is the Company's better performing surgical products and specialty products. Profit before tax dipped RM1.55 million compared to same quarter last year, absorbing the effect of volatile USD and material prices.

As the Company's major business are with stable medium to long term customers, end users or government bodies, there is always a time lag in price adjustments in response to material or currency factor. This is always recoverable in the next period.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded sales of RM62.63 million for the quarter against RM65.76 million in the preceding quarter, a decrease of 5%.

Group profit before tax for the quarter at RM5.36 million has increased by 2% compared to RM5.27 million in the last quarter.

17. COMMENTARY ON CURRENT YEAR PROSPECTS

The Group's ability to deliver substantial growth reflects the strong lines of products and forward strategic focus on expanding share of products at point of care market. Adventa continues to remain a significant global company in the surgical glove sector. The acquisition of Utama Associates fits into the Company's move into dialysis care under its distribution division in Malaysia and in the region. This division will be further strengthened by integrating some existing non glove products into its product range.

In spite of the expected slowdown in the US economy, none of Adventa's businesses should be affected as they are deemed essential surgical care and dental care products. The Company expects to increase its revenue as planned and perform within expectation.



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18. PROFIT FORECAST

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

19. TAXATION

	4th Quarter		Cumulative	
	31.01.2008	31.01.2007	31.01.2008	31.01.2007
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Income tax	(2)	(10)	136	126
Deferred tax	(683)	(1,012)	(1,252)	(1,198)
	(685)	(1,022)	(1,116)	(1,072)

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

20. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

21. MARKETABLE SECURITIES

There was no purchase or disposal of marketable securities during the financial period ended under review.



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22. CORPORATE PROPOSALS

Status of Corporate Proposals

There were no corporate proposals announced which remain uncompleted at the end of the financial period ended 31 January 2008 except as follows:

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

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

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

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

The balance of 30% of the placement shares to Bumiputera investors or increase of Bumiputera equity by 3.46% of the new enlarged issued and paid up share capital (representing 5,530,423 new Adventa shares) within 2 years from the date of implementation of the proposed Private Placement is not completed.



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23. BORROWINGS AND DEBT SECURITIES

	As at 31.01.2008 RM'000	As at 31.01.2007 RM'000
Short Term Borrowings:		
Secured	30,695	29,603
Unsecured	-	-
	<hr/> 30,695	<hr/> 29,603
Long Term Borrowings:		
Secured	64,107	44,705
Unsecured	-	-
	<hr/> 64,107	<hr/> 44,705
Total Borrowings	<hr/> 94,802	<hr/> 74,308

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

	Contracted amount in United States Dollar (‘000)	Equivalent amount in Ringgit Malaysia (‘000)
Forward foreign exchange contracts	11,504	37,978
	<hr/> 11,504	<hr/> 37,978

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



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25. CHANGES IN MATERIAL LITIGATION

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

26. DIVIDEND PAYABLE

The Board recommended a first and final dividend for the financial year ended 31.01.2008 of 4.4 sen per share comprising 4.4 sen tax exempt on the enlarged capital of RM69,427,620 representing 138,855,240 ordinary shares of RM0.50 each amounting to RM6.11 million which is subject to the shareholders approval at the forthcoming Annual General Meeting (“AGM”).

27. EARNINGS PER SHARE

(a) Basis

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

	4th Quarter		Cumulative	
	31.01.2008	31.01.2007 (restated)	31.01.2008	31.01.2007 (restated)
Profit attributable to ordinary equity holders of the parent (RM'000)	5,859	7,822	20,145	16,125
Weighted average number of ordinary shares in issue ('000)	138,855	126,000	138,855	126,000
Basic earnings per share (sen)	4.22	6.21	14.51	12.80



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(b) Diluted

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

	4th Quarter		Cumulative	
	31.01.2008	31.01.2007	31.01.2008	31.01.2007
		(restated)		(restated)
Profit attributable to ordinary equity holders of the parent (RM'000)	5,859	7,822	20,145	16,125
Weighted average number of ordinary shares in issue ('000)	138,855	126,000	138,855	126,000
Effects of dilution: Share options ('000)	998	-	998	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	139,853	126,000	139,853	126,000
Diluted earnings per share (sen)	4.19	6.21	14.40	12.80



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28. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 March 2008.

By Order of the Board
Adventa Berhad

CHUA SIEW CHUAN
Company Secretary MAICSA 0777689