



**ADVENTA BERHAD**  
(Company No : 618533-M)  
(Incorporated in Malaysia)  
**FIRST QUARTER REPORT ENDED 30 APRIL 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 2008. 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 2008.

**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 2008 except for the adoption of the new and revised Financial Reporting Standards (“FRS”) as stated below:

		<b>Effective for period beginning on or after</b>
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134	Interim Financing Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 July 2007

The above FRSs and Amendment to FRS are expected to have no significant impact to the financial statements of the Group except for the following:



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**Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation**

This Amendment requires that where an entity has a monetary item that forms part of its net investment in a foreign operation, the exchange differences arising from such monetary items should always be recognised in equity in the consolidated financial statements and should not be dependent on the currency of the monetary item. Prior to this Amendment, exchange differences arising on a monetary item that form part of the Group's net investment in a foreign operation are recognised in equity in the consolidated financial statements only when that monetary item is denominated either in the functional currency of the reporting entity or the foreign operation. As it is not possible to reasonably estimate the exchange rates applicable to such monetary items for future periods, the directors are therefore unable to determine if the initial adoption of this Amendment will have a material impact on the consolidated financial statements for the period ended 30 April 2008.

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

The preceding audited financial statements for the period ended 31 January 2008 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:

	<b>No. of shares</b>	<b>RM</b>
As at 31 January 2008	138,855,240	69,427,620
Ordinary shares issued pursuant to the ESOS	132,300	66,150
As at 30 April 2008	<u>138,987,540</u>	<u>69,493,770</u>

**8. DIVIDENDS PAID**

There were no dividends paid during the current quarter.



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**9. SEGMENTAL INFORMATION**

	<b>1<sup>st</sup> Quarter</b>		<b>Cumulative</b>	
	<b>30.04.2008</b>	<b>30.04.2007</b>	<b>30.04.2008</b>	<b>30.04.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Segment Revenue</u></b>				
Healthcare products	104,999	85,009	104,999	85,009
Energy provider	3,283	3,031	3,283	3,031
Others	330	330	330	330
Total revenue including inter-segment sales	108,612	88,370	108,612	88,370
Elimination of inter-segment sales	(50,157)	(42,909)	(50,157)	(42,909)
<b>Total</b>	<b>58,455</b>	<b>45,461</b>	<b>58,455</b>	<b>145,461</b>

	<b>1<sup>st</sup> Quarter</b>		<b>Cumulative</b>	
	<b>30.04.2008</b>	<b>30.04.2007</b>	<b>30.04.2008</b>	<b>30.04.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Segment Results</u></b>				
Healthcare products	3,919	4,126	3,919	4,126
Energy provider	1,352	1,242	1,352	1,242
Others	(665)	(165)	(665)	(165)
Elimination	744	(238)	744	(238)
<b>Total</b>	<b>5,350</b>	<b>4,965</b>	<b>5,350</b>	<b>4,965</b>

**10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements of the Group.

**11. SUBSEQUENT EVENTS**

There were no material events subsequent to the end of the current quarter.



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

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.

The inclusion of the above subsidiary 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 30 April 2008, the Company has outstanding contingent liabilities amounting to RM212.3 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 30 April 2008 is as follows:

	<b>RM'000</b>
Approved and contracted for	<u>5,465</u>

**15. PERFORMANCE REVIEW**

The Group achieved a higher revenue of RM58.46 million this quarter, 29% higher than the comparative quarter last year. Profit before tax increased by RM1.36 million compared to same quarter last year.

As the Group'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 before the agreed price adjustment exercise.



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

The Group recorded sales of RM58.46 million for the quarter against RM62.63 million in the preceding quarter, a decrease of 7%.

Group profit before tax for the quarter at RM5.35 million is comparable to RM5.36 million in the last quarter.

**17. COMMENTARY ON CURRENT YEAR PROSPECTS**

The cost of our manufacturing will be altered with the 160% reduction in fuel subsidies, primarily in natural gas used in our factories. Electrical power cost will also increase correspondingly by 26% according to announcements made. However, these figures have yet to be finalised by the energy providers.

The significance of these increases will not only be confined to direct costs but to an overall increase in nearly all goods and services. The impact on our margins will be significant unless we are able to pass on costs to the market. This in some of our businesses is not easily done with many long and medium term contracts.

The Group has taken several steps to address this cost increase and we are confident that within several months we will be able to price that into our products and delivery contracts. The actual impact will not be apparent till the third quarter. We do not expect revenue reduction but it will be the Group's challenge to maintain its margin in the short term.

The volatility of the commodity and currency market is not making things easier although the Group has in place several measures to mitigate the effect of the swinging prices and exchange rates.

In this financial year the Group should still maintain its profitability over its last year's results.

**18. PROFIT FORECAST**

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



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**19. TAXATION**

	<b>1<sup>st</sup> Quarter</b>		<b>Cumulative</b>	
	<b>30.04.2008</b>	<b>30.04.2007</b>	<b>30.04.2008</b>	<b>30.04.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax	15	10	15	10
Deferred tax	142	(172)	142	(172)
	<u>157</u>	<u>(162)</u>	<u>157</u>	<u>(162)</u>

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

**20. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES**

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

**21. MARKETABLE SECURITIES**

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



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**22. CORPORATE PROPOSALS**

**Status of Corporate Proposals**

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

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

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

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

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

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**

	<b>As at 30.04.2008 RM'000</b>	<b>As at 31.01.2008 RM'000</b>
<b>Short Term Borrowings:</b>		
Secured	40,027	34,793
Unsecured	-	-
	40,027	34,793
 <b>Long Term Borrowings:</b>		
Secured	59,549	60,677
Unsecured	-	-
	59,549	60,677
 <b>Total Borrowings</b>	99,576	95,470

**24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

	<b>Contracted amount in United States Dollar (‘000)</b>	<b>Equivalent amount in Ringgit Malaysia (‘000)</b>
Forward foreign exchange contracts	11,908	38,643
	11,908	38,643

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 tax exempt dividend in respect of the financial year ended 31 January 2008 of 8.8% on the ordinary shares of RM0.50 each (4.4 sen net per ordinary share) which will be proposed for shareholders approval at the Annual General Meeting on 26<sup>th</sup> June 2008.

**27. EARNINGS PER SHARE**

**(a) Basis**

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

	<b>1<sup>st</sup> Quarter</b>		<b>Cumulative</b>	
	<b>30.04.2008</b>	<b>30.04.2007</b>	<b>30.04.2008</b>	<b>30.04.2007</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	5,124	4,210	5,124	4,210
Weighted average number of ordinary shares in issue ('000)	138,988	126,000	138,988	126,000
Basic earnings per share (sen)	3.69	3.34	3.69	3.34



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**(b) Diluted**

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

	<b>1<sup>st</sup>Quarter</b>		<b>Cumulative</b>	
	<b>30.04.2008</b>	<b>30.04.2007</b>	<b>30.04.2008</b>	<b>30.04.2007</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	5,124	4,210	5,124	4,210
Weighted average number of ordinary shares in issue ('000)	138,988	126,000	138,988	126,000
Effects of dilution: Share options ('000)	1,111	-	1,111	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	140,099	126,000	140,099	126,000
Diluted earnings per share (sen)	3.66	3.34	3.66	3.34



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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 26 June 2008.

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

**CHUA SIEW CHUAN**  
Company Secretary MAICSA 0777689