



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

		Effective for period beginning on or after
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 31 October 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 operations are not subduedly affected by seasonal causes. Latex however is influenced by highly fluctuating commodity prices and also that of fuel costs too. The fast changes in commodity prices has affected certain forward purchase program for materials.

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 October 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.

There have been no options exercised during the period from date of implementation until the end of this quarter.

8. DIVIDENDS PAID

There were no dividends paid during the current quarter.



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9. SEGMENTAL INFORMATION

	3 months ended	9 months ended
	31.10.2008	31.10.2008
	RM'000	RM'000
<u>Segment Revenue</u>		
Healthcare products	127,838	344,315
Energy provider	3,376	10,197
Others	4,328	5,333
Total revenue including inter-segment sales	135,542	223,958
Elimination of inter- segment sales	(70,117)	(173,387)
Total	65,425	186,458

	3 months ended	9 months ended
	31.10.2008	31.10.2008
	RM'000	RM'000
<u>Segment Results</u>		
Healthcare products	5,150	12,324
Energy provider	1,504	4,268
Others	3,762	3,579
Elimination	(5,107)	(3,294)
Total	5,309	16,877

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 except as stated below :

On 15th December 2008, the Board of Directors of Adventa announced that its wholly owned subsidiary, Adventa Health Sdn Bhd, apply for voluntary deregistration of its 51% owned subsidiary company, Adventa Health Australia Pty Ltd (“AHAPL”), a company incorporated in Australia has been approved by Australia Securities & Investments Commission (ASIC) via its letter dated 5th December 2008 which was received by the Company on 15th December 2008. ASIC may deregister the company two months after the publication of the notice of the company’s proposed deregistration in the Australian Government Gazette.



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12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter under review except that on 31st October 2008, the Company announced that its wholly owned subsidiary, Cozena Limited (“Cozena”), had on 31st October 2008 disposed of 1 million shares in Infumax (Private) Limited (“Infumax”), representing 100% of the paid-up capital in Infumax (Company No. PV61032) at a total cash consideration of Rs 1 million (the “Disposal”). The Disposal has resulted in Infumax ceasing to become a subsidiary of Cozena and a sub-subsidiary of Adventa.

The effect of this disposal that have been included in the interim financial statement are as follows :

	9 months ended 31.10.2008 RM’000
Revenue	NIL
Loss before taxation	1
The aggregate net assets of the subsidiary disposed	19
Net cash inflow of the Group	30

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 31 October 2008, the Company has outstanding contingent liabilities amounting to RM198 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 October 2008 is as follows:

Approved and contracted for	RM’000 <u>10,246</u>
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15. PERFORMANCE REVIEW

The Group revenue of RM65.43 million for current quarter is 0.5% lower than the period from August 2007 to October 2007, same period of last year, of RM65.76 million. Profit before tax declined by RM1.16 million compared to the same period last year. The declined in the profit before tax is mainly due to increased costs in raw materials and fuel, especially natural gas. Latex price has increased by 23% comparing to the same period of last year. The natural gas tariffs increased by 72% from 1 Aug 2008. Automotive fuel increases in July 2008 pushed up logistics costs. These had an impact on the margin.

The continuous uptrend in commodity prices was difficult to manage where sales commitments are of longer term. Such commitments are unavoidable as the customers are government bodies who do not regularly put out procurement contracts. This creates a disadvantage when commodity prices are moving rapidly upwards.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group gained sales of RM65.43 million for the quarter against RM62.58 million in the preceding quarter, an increase of 5%.

The Group profit before tax for the quarter has increased by 1%.



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17. COMMENTARY ON CURRENT YEAR PROSPECTS

2008 has been a very unpredictable year with unprecedented changes in many aspects of global businesses, from raw materials to input costs and financials uncertainties. In all it was a big challenge to keep the company on a strong positive cost management footing.

The last quarter saw a sudden reversal of trends that are significant to the company and again this require fast and hard decisions to maintain the company's lead in market and product sectors.

Some cost sensitive products were dropped and discontinued in the last two quarters and added on are new products with higher predictability in returns. These new products are expected to improve revenue ahead.

The distribution business of the company is growing well. We expect growth greater than group average. The company intends to widen the range width of products to improve customer procurement efficiency.

We continue to innovate and meet challenges fast. We response positively to demanding market preferences and technology . We have identified sectors to improve and markets to increase sales. Cost reduction programs are accelerated to manage competitiveness in a global market expected to be fiercely sensitive to price increases.

The companies in the group are expected to increase sales revenue as well as improve market shares in developed market and emerging markets like Asia and South America.

We do not expect the global slowdown or recession to negatively affect group's operations. We see opportunities in the difficult year ahead.

18. PROFIT FORECAST

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



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19. TAXATION

	3 months ended 31.10.2008 RM'000	9 months ended 31.10.2008 RM'000
Income tax	948	1,233
Deferred tax	(2,374)	(1,548)
	<u>(1,426)</u>	<u>(315)</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 tax exemptions in others.

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 19th November, the announcements dated 23rd October 2007, 21st November 2007, 26th November 2007, 14th December 2007 and 20th May 2008 in respect of the Private Placement which was made by KIBB on behalf of Adventa and announced that the SC had, vide a letter dated 18 November 2008 approved the application for a further extension of time for a period of six (6) months to 19th May 2009 for Adventa to complete the implementation of the Private Placement.

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.

23. BORROWINGS AND DEBT SECURITIES

	As at 31.10.2008 RM'000	As at 31.01.2008 RM'000
Short Term Borrowings:		
Secured	55,674	34,793
Unsecured	-	-
	55,674	34,793
Long Term Borrowings:		
Secured	61,820	60,677
Unsecured	-	-
	61,820	60,677
Total Borrowings	117,494	95,470



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24. 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.

25. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 31 October 2008.

26. 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.

	3 months ended 31.10.2008	9 months ended 31.10.2008
Profit attributable to ordinary equity holders of the parent (RM'000)	5,683	13,753
Weighted average number of ordinary shares in issue ('000)	139,156	139,156
Basic earnings per share (sen)	4.08	9.88



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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.

	3 months ended 31.10.2008	9 months ended 31.10.2008
Profit attributable to ordinary equity holders of the parent (RM'000)	5,683	13,753
Weighted average number of ordinary shares in issue ('000)	139,156	139,156
Effects of dilution:		
Share options ('000)	512	512
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	139,668	139,668
Diluted earnings per share (sen)	4.07	9.85

27. 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 30 December 2008.

By Order of the Board
Adventa Berhad

CHUA SIEW CHUAN
Company Secretary MAICSA 0777689