

PADIBERAS NASIONAL BERHAD
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008

	Individual Quarter 3 months ended		Cumulative Year To Date 6 months ended	
	30/06/2008 RM'000	30/06/2007 RM'000	30/06/2008 RM'000	30/06/2007 RM'000
Revenue	606,802	576,667	1,213,499	1,097,933
Cost of sales	(583,109)	(477,290)	(1,108,687)	(917,602)
Gross profit	<u>23,693</u>	<u>99,377</u>	<u>104,812</u>	<u>180,331</u>
Other income	3,624	1,156	5,050	4,173
Administrative expenses	(44,412)	(49,096)	(88,173)	(84,647)
Selling and marketing expenses	(6,255)	(3,922)	(10,816)	(7,397)
Distribution costs	(5,239)	(1,622)	(7,744)	(3,308)
Other expenses	(11,839)	(8,876)	(24,868)	(18,602)
Finance costs, net	(4,427)	(2,029)	(7,427)	(5,841)
Share of results from associates	31,892	6,294	39,552	12,930
Profit before taxation	<u>(12,963)</u>	<u>41,282</u>	<u>10,386</u>	<u>77,639</u>
Taxation	<u>9,216</u>	<u>(11,191)</u>	<u>5,236</u>	<u>(18,392)</u>
Net profit for the period	<u><u>(3,747)</u></u>	<u><u>30,091</u></u>	<u><u>15,622</u></u>	<u><u>59,247</u></u>
Attributable to :				
Equity holders of the parent	(11,572)	29,535	6,094	56,946
Minority interests	<u>7,825</u>	<u>556</u>	<u>9,528</u>	<u>2,301</u>
	<u><u>(3,747)</u></u>	<u><u>30,091</u></u>	<u><u>15,622</u></u>	<u><u>59,247</u></u>
Earnings per share (sen)				
(i) Basic (based on 470,402,000 ordinary shares (2006: 470,402,000 ordinary shares) (sen))	(0.80)	6.40	3.32	12.60
Net dividend per share (sen)	5.00	5.00	5.00	5.00

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NASIONAL BERHAD
CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2008

ASSETS	As at 30/06/2008 RM'000	Audited as at 31/12/2007 RM'000
Non-current assets		
Property, plant and equipment	323,502	321,336
Investment in associated companies	198,814	185,925
Long term investments	42	42
Intangible assets	139	139
Investment property	184	184
Deferred tax assets	35,208	21,544
Lease prepayments	26,823	26,367
	<u>584,712</u>	<u>555,537</u>
Current assets		
Tax recoverable	15,577	810
Inventories	538,324	200,068
Trade and other receivables	560,940	410,923
Cash and bank balances	173,010	255,981
	<u>1,287,851</u>	<u>867,782</u>
TOTAL ASSETS	<u>1,872,563</u>	<u>1,423,319</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	470,402	470,402
Reserves	478,497	497,093
	<u>948,899</u>	<u>967,495</u>
Minority interests	54,637	45,109
Total equity	<u>1,003,536</u>	<u>1,012,604</u>
Non-current liabilities		
Retirement benefit obligations	57,980	51,516
Long term borrowings	10,171	13,390
Deferred tax liabilities	31,403	26,501
	<u>99,554</u>	<u>91,407</u>
Current liabilities		
Retirement benefit obligations	1,807	4,686
Short term borrowings	661,502	198,418
Trade and other payables	96,378	109,412
Dividend payable	-	-
Tax payable	9,786	6,792
	<u>769,473</u>	<u>319,308</u>
Total liabilities	<u>869,027</u>	<u>410,715</u>
TOTAL EQUITY AND LIABILITIES	<u>1,872,563</u>	<u>1,423,319</u>
	-	-
Net assets per share (RM)	2.13	2.15

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NASIONAL BERHAD
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008

Note	Attributable to Equity holders of the Parent				Total	Minority interest	Total equity
	Share capital	Share premium	Other reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2007	470,402	7,085	24,251	414,640	916,378	42,047	958,425
Currency exchange translation differences	-	-	(531)	-	(531)	-	(531)
Transfer from Government Stockpile	-	-	(2,708)	-	(2,708)	-	(2,708)
Effect arising from acquisition of minority interest of subsidiary	-	-	-	(2,190)	(2,190)	(695)	(2,885)
Net expense recognised directly in equity	- #	- #	(3,239) #	(2,190) #	(5,429) #	(695) #	(6,124)
Profit for the period	-	-	-	103,586	103,586	3,757	107,343
Total recognised income and expense for the year	-	-	(3,239)	101,396	98,157	3,062	101,219
Dividend	-	-	-	(47,040)	(47,040)	-	(47,040)
At 31 December 2007	470,402	7,085	21,012	468,996	967,495	45,109	1,012,604

	Attributable to Equity holders of the Parent				Total	Minority interest	Total equity
	Share capital	Share premium	Other reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008	470,402	7,085	21,012	468,996	967,495	45,109	1,012,604
Foreign currency translation	-	-	(694)	-	(694)	-	(694)
Transfer to Government Stockpile	-	-	(23,859)	-	(23,859)	-	(23,859)
Net expense recognised directly in equity	-	-	(24,690)	-	(24,690)	-	(24,690)
Net profit for the period	-	-	-	6,094	6,094	9,528	15,622
Total recognised income and expense for the year	-	-	(24,690)	6,094	(18,596)	9,528	(9,068)
Effects arising from acquisition of minority interest of a subsidiary	-	-	-	-	-	-	-
At 30 June 2008	470,402	7,085	(3,678)	475,090	948,899	54,637	1,003,536

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NATIONAL BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008

	6 months ended 30 June 2008 RM '000	6 months ended 30 June 2007 RM '000
Net cash used in operating activities	(551,617)	(28,878)
Net cash used in investing activities	(15,298)	(27,394)
Net cash generated from financing activities	459,865	20,103
Net Change in Cash and Cash Equivalents	(107,050)	(36,169)
Effects of Exchange Rates	-	515
Cash and Cash Equivalents at beginning of period	255,981	180,234
Cash and Cash Equivalents at end of period	148,931	144,580
Cash and Cash Equivalents comprise :-		
Cash and bank balances	173,010	148,074
Bank overdrafts	(24,079)	(3,494)
	148,931	144,580

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NASIONAL BERHAD (Company No. 295514 U)
(Incorporated in Malaysia)

**NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2008**

1. Basis of Preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 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 financial year ended 31 December 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 December 2007.

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 December 2007 was unqualified.

4. Comments About Seasonal or Cyclical Factors

The Group’s performance for the period under review has not been affected by seasonal or cyclical factors.

5. Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equities, net income, or cash flows during the financial period ended 30 June 2008.

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

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities in the current quarter.

8. Dividends Paid

On 21 July 2008, a final dividend of 6.8% taxable dividend less 26% taxation amounting to RM23,515,200 for the financial year ended 31 December 2007 was paid. Such final dividend was declared on 1 June 2008.

9. Segmental Information

No segmental information is presented as the activities of the Group during the current and previous periods are substantially in the importing, buying, processing and selling of rice and/or by-products and/or paddy and were predominantly conducted in Malaysia.

10. Carrying Amount of Revalued Assets

There are no assets carried at valuation.

11. Significant and Subsequent Events

There were no significant event in the current quarter .

12. Changes in Composition of the Group

There are no changes in the composition of the Group since date of the previous announcement.

13. Changes in Contingent Liabilities and Contingent Assets

- (a) The Company was served with a Writ and Statement of Claim dated 14 October 2005 by Konsortium Pemborong Beras (Melayu) Kelantan Sdn Bhd ("KBK") and was named as the First Defendant. KBK is seeking, the following:
- (i) A declaration that the Company violated the terms of the Joint Venture Agreement ("JVA") by not complying with its duties and obligations as a member/partner of Formula Timur Sdn Bhd ("the Joint Venture Company");
 - (ii) A declaration that the Company's action in stopping the supply of rice to the Joint Venture Company is contrary to the provisions of the JVA, was wrongful and invalid;
 - (iii) A declaration that the Company by commission or omission committed a fraud upon the minority shareholders of the Joint Venture Company and/or abuse of power;

13. Changes in Contingent Liabilities and Contingent Assets (Cont.)

- (iv) General damages of RM112 million to be paid by the Company to the Joint Venture Company;
- (v) Rebate of RM760,000;
- (vi) Interest under Section 11 of the Civil Law Act, 1965 and in equity on the damages at 8% per annum from August 2003 till payment; and
- (vii) Injunction and Costs and other relief's as the Court deem just.

The Company filed the application to strike out the said Statement of Claim against the Company on the ground that there is no valid cause of action. The Senior Assistant Registrar had dismissed the Company's application to strike out.

The Company's Notice of Appeal to Judge in Chambers against the Senior Assistant Registrar's decision on 7 May 2007 pertaining to the Company's striking out application is now fixed for hearing on 26 September 2008.

- (b) On 27 March 2006, the Company was served with a sealed copy of a Summons in Chambers dated 3 March 2006 by KBK for an interlocutory injunction, inter alia, the followings:
 - (i) Restrain the Company from selling, hiring and supplying rice to any third party or allowing any activities which may compete with the business of the Plaintiff; and
 - (ii) Instruct the Company to resume selling, hiring and supplying rice to the Plaintiff.

KBK's application for injunctive relief has been fixed for Mention on 26 September 2008 pending the decision of the Court on the Company's appeal to the Judge in Chambers. The Company had given instruction to its Solicitors to set aside the injunction application.

- (c) The Company was served with a Writ of Summons and Statement of Claim dated 5 May 2006 initiated by A Halim Bin Hamzah & 291 others ("the Plaintiffs"). The civil suit is brought by the Plaintiffs against the Company & 24 others ("the Defendants") for, inter alia, the following claims:
 - (i) A declaration that the 2000 VSS scheme initiated by the Company is void and of no effect.
 - (ii) A declaration that the Defendants had by unlawful means conspired and combined together to defraud or injure the Plaintiffs.
 - (iii) Alternatively, a declaration that the Defendants had acted in furtherance of a wrongful conspiracy to injure the Plaintiffs.
 - (iv) Damages to be assessed.
 - (v) Interest and costs.

13. Changes in Contingent Liabilities and Contingent Assets (Cont.)

In relation to the Suit filed by the Plaintiffs against the Defendants, the Company had filed Summons in Chambers pursuant to Order 12 Rule 7 and/or Order 18 Rule 19 of the Rules of the High Court 1980 ("the Company's Application") for the following:

- (i) That the Writ and Statement of Claim as against the said Defendants be struck out as it discloses no reasonable course of actions, scandalous, frivolous, vexatious and/or is an abuse of process of the Court;
- (ii) That the cost of the said Order to be borne by the Plaintiffs; and
- (iii) Such further or other orders as the Court deemed fit.

The Court has granted Order In Terms for the Company's application to strike out the 21st Defendant with cost payable to Bernas but dismissed the Company's application to strike out the 2nd to 12th Defendants on 3 September 2007. On 3 March 2008, the Court dismissed the Company's application to strike out the 2nd to 12th Defendants from being the party to the suit. The Company solicitors had on 17 April 2008, filed Statements of Defence for 2nd to 12th Defendants. Pending the mention date for case management to be fixed by the Court.

- (d) The Company was served with a sealed copy of Originating Summons and Affidavit in Support ("the Plaintiffs Application") affirmed by Zainon Bt Ahmad for and on behalf of the 690 others ("the Plaintiffs") for the following claims:
 - (i) A declaration that the Plaintiffs as employees of the Company whose service of employment has been terminated before attaining the age of 55 due to reasons other than that of compulsory retirement, optional retirement, death or a disability are entitled to the Retirement/Termination Benefits provided for in clause 7.3 of the 'Terma dan Syarat Perkhidmatan Kumpulan Eksekutif dan Kumpulan Bukan Eksekutif' and in clause 5.5 of the 'Buku Panduan Kumpulan Eksekutif dan Bukan Eksekutif'.
 - (ii) An order that the Company pays the Retirement/Termination Benefits due to the Plaintiffs as follows:-
 - for those Plaintiffs who have attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid directly to them; and
 - for those Plaintiffs who have not attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid into their accounts at the Employment Provident Fund.
 - (iii) Interest at the rate of 8% per annum from 1 January 2004 to the date of payment as ordered by the Court.
 - (iv) Such further orders, directions or relief that the Court deems fit and appropriate.
 - (v) Costs to be paid by the Company to the Plaintiffs.

13. Changes in Contingent Liabilities and Contingent Assets (Cont.)

The Court had on 13th March 2008 allowed Plaintiffs' application with cost. The Company's solicitors had on 17 May 2008 filed the Notes of Appeal to the Court of Appeal. Pending hearing of the appeal to the Appeal to be fixed by the Court.

There are no other changes in contingent liabilities since the last annual balance sheet as at 31 December 2007. The Group does not have any contingent assets.

14. Capital Commitments

	As at 30/06/08 RM'000	As at 31/12/2007 RM'000
Capital expenditure approved and contracted for:		
Property, plant and equipment	<u>4,388</u>	<u>13,846</u>
Capital expenditure approved but not contracted for:		
Property, plant and equipment	<u>-</u>	<u>25,341</u>

15. Performance Review

For the second quarter ended 30 June 2008, the Group recorded a net loss of RM3.75 million on the back of a turnover of RM606.8 million compared with RM30.09 million net profit and turnover of RM576.7 million recorded in the second quarter ended 30 June 2007. The loss was largely due to the negative margin recorded for:-

- (i) the local rice following the decision of the Government that BERNAS produces only 15% broken rice at the lowest regulated selling price; and
- (ii) the imported rice which cost more than the regulated selling price until Government allowed floatation of the import rice prices effective 1 June 2008.

However, for six months' period ended 30 June 2008, the Group recorded a net profit of RM15.6 million on a turnover of RM1.21 billion, a shortfall of 74% compared with the net profit of RM59.3 million and a turnover of RM1.1 billion for the corresponding period of the previous year.

16. Comments on Material Changes in Profit Before Taxation

The Group recorded pre tax losses of RM3.7 million for the second quarter ended 30 June 2008 as compared to the unaudited preceeding quarter's pre tax profit of RM23.3 million. The substantial reduction in profitability was largely due to the negative margin recorded for both local and imported rice.

17. Commentary on Prospects

The Government's decision to allow imported rice prices to be floated effective 1 June 2008 and the payment of subsidy to millers including BERNAS' mills effective 1 September 2008 is expected to reduce the negative results to the Group's performance.

18. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of the actual profit after tax and minority interest and shortfall in profit guarantees are not applicable to the Company.

19. Taxation

	6 months ended	
	30/06/2008 RM'000	30/06/2007 RM'000
Tax expense for the period:-		
- Malaysian Income Tax	5,986	22,271
- Deferred tax	(11,222)	(3,879)
	<u>(5,236)</u>	<u>18,392</u>

The effective tax rates for the current quarter ended 30 June is lower than the statutory tax rate applicable to the Group due to deferred tax recognised from the unrealised gain on inventories.

20. Sale of Unquoted Investments and Properties

There are no sales of unquoted investments and properties for the current quarter.

21. Marketable Securities

There are no sales or purchases of marketable securities for the current quarter.

22. Corporate Proposals

There are no new corporate developments since the date of the previous announcement.

23. Borrowings and Debt Securities

	As at 30/06/08 RM'000	As at 30/06/07 RM'000
Short Term Borrowings:-		
Secured	4,041	4,103
Unsecured	657,461	194,315
	<u>661,502</u>	<u>198,418</u>
Long Term Borrowings		
Secured	10,171	13,390
	<u>671,673</u>	<u>211,808</u>

All the above borrowings are denominated in Ringgit Malaysia.

24. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 27 August 2008.

25. Changes in Material Litigation

As at 27 August 2008, there were no changes in material litigation, including status of pending material litigation since the last annual balance sheet date of 31 December 2007 other than as disclosed in Note 13.

26. Dividend Payable

There is no dividend payable for the current quarter.

27. Earnings Per Share

Earnings-per-share ("EPS") is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	6 months ended	
	30/06/08	30/06/07
Net profit for the period (RM'000)	15,622	59,247
Weighted average number of ordinary shares in issue ('000)	<u>470,402</u>	<u>470,402</u>
Basic earnings per share (sen)	<u>3</u>	<u>13</u>

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 August 2008.

BY ORDER OF THE BOARD

NASLIZA MOHD NASIR
COMPANY SECRETARY
PADIBERAS NASIONAL BERHAD