

PADIBERAS NASIONAL BERHAD
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Individual Quarter 3 months ended		Cumulative Year To Date Ended	
	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000
Revenue	769,566	622,295	2,494,854	2,240,063
Cost of sales	(761,645)	(548,750)	(2,335,946)	(1,884,686)
Gross (loss)/profit	7,921	73,545	158,908	355,377
Other income	9,181	4,293	15,017	10,702
Administrative expenses	(66,511)	(52,579)	(213,512)	(185,778)
Selling and marketing expenses	(359)	(4,338)	(15,460)	(15,375)
Distribution costs	(4,680)	(5,499)	(17,296)	(10,231)
Other expenses	(8,416)	(7,852)	(34,917)	(17,072)
Finance costs, net	(8,682)	(9,508)	(23,114)	(14,760)
Share of results from associates	3,470	8,881	49,026	22,276
(Loss)/profit before taxation	(68,076)	6,943	(81,348)	145,139
Taxation	30,304	(1,158)	27,072	(37,796)
Net (loss)/profit for the period	(37,772)	5,785	(54,276)	107,343
Attributable to :				
Equity holders of the parent	(42,247)	6,629	(73,281)	103,586
Minority interests	4,475	(844)	19,005	3,757
	(37,772)	5,785	(54,276)	107,343
Earnings per share (sen)				
(i) Basic (based on 470,402,000 ordinary shares (2007: 470,402,000 ordinary shares) (sen))	(8.03)	1.23	(11.54)	22.82
Net dividend per share (sen)			5.00	4.00

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 31 DECEMBER 2008

ASSETS	As at 31/12/2008 RM'000	Audited as at 31/12/2007 RM'000
Non-current assets		
Property, plant and equipment	335,237	321,336
Investment in associated companies	206,422	185,925
Long term investments	42	42
Intangible assets	139	139
Investment property	255	184
Deferred tax assets	66,474	21,544
Lease prepayments	25,213	26,367
	<u>633,782</u>	<u>555,537</u>
Current assets		
Tax recoverable	3,500	810
Inventories	368,985	200,068
Trade and other receivables	830,615	410,923
Cash and bank balances	212,064	255,981
	<u>1,415,164</u>	<u>867,782</u>
TOTAL ASSETS	<u>2,048,946</u>	<u>1,423,319</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	470,402	470,402
Reserves	416,372	497,093
	<u>886,774</u>	<u>967,495</u>
Minority interests	64,114	45,109
Total equity	<u>950,888</u>	<u>1,012,604</u>
Non-current liabilities		
Retirement benefit obligations	58,399	51,516
Long term borrowings	12,323	13,390
Deferred tax liabilities	31,604	26,501
	<u>102,326</u>	<u>91,407</u>
Current liabilities		
Retirement benefit obligations	2,889	4,686
Short term borrowings	861,025	198,418
Trade and other payables	131,818	109,412
Dividend payable	-	-
Tax payable	-	6,792
	<u>995,732</u>	<u>319,308</u>
Total liabilities	<u>1,098,058</u>	<u>410,715</u>
TOTAL EQUITY AND LIABILITIES	<u>2,048,946</u>	<u>1,423,319</u>
	-	-
Net assets per share (RM)	2.02	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 YEAR ENDED 31 DECEMBER 2008

Note	Attributable to Equity holders of the Parent				Total RM'000	Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable Share premium RM'000	Other reserves RM'000	Distributable Retained profits 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 RM'000	Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable Share premium RM'000	Other reserves RM'000	Distributable Retained profits 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	-	-	(6,609)	-	(6,609)	-	(6,609)
Net expense recognised directly in equity	-	-	(7,440)	-	(7,440)	-	(7,440)
Net loss for the period	-	-	-	(73,281)	(73,281)	19,005	(54,276)
Total recognised income and expense for the year	-	-	(7,440)	(73,281)	(80,721)	19,005	(61,716)
Effects arising from acquisition of minority interest of a subsidiary	-	-	-	-	-	-	-
At 31 December 2008	470,402	7,085	13,572	395,715	886,774	64,114	950,888

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 YEAR ENDED 31 DECEMBER 2008

	Year ended 31 December 2008 RM '000	Year ended 31 December 2007 RM '000
Net cash used in operating activities	(700,559)	(11,056)
Net cash used in investing activities	(5,164)	(59,043)
Net cash generated from financing activities	637,869	55,713
Net Change in Cash and Cash Equivalents	(67,854)	(14,386)
Cash and Cash Equivalents at beginning of period	255,981	180,234
Cash and Cash Equivalents at end of period	188,127	165,848
Cash and Cash Equivalents comprise :-		
Cash and bank balances	212,064	186,843
Bank overdrafts	(23,937)	(21,543)
	188,127	165,300

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 YEAR ENDED 31 DECEMBER 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 year ended 31 December 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

No dividend has been paid or declared by the Company since the end of previous financial year ended 31 December 2007.

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 mention on 17 April 2009.

- (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 and discovery has been fixed for Mention on 17 April 2009 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. The Court has fixed for mention of case management on 7 May 2009.

- (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 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 31/12/08 RM'000	As at 31/12/2007 RM'000
Capital expenditure approved and contracted for: Property, plant and equipment	<u>4,768</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

Group's revenue for the year has increased by 11.4% to RM2,495 million as compared to RM2,240 million recorded in the same quarter last year. This is mainly due to the higher selling prices of rice.

The Group has recorded a loss of RM54.3 million for the year as compared to RM107.3 million profit for the same period last year. The loss is mainly due to the higher cost of imported rice this year and lower volume of sales following the Government's subsidised rice programme in Sabah and Sarawak which substantially reduced Bernas' sales of rice.

16. Comments on Material Changes in Profit Before Taxation

The Group recorded pre tax losses of RM37.8 million for the quarter ended 31 December 2008, a decrease of 59.5% compared to the preceding quarter's pre-tax loss of RM23.7 million. The decrease is mainly due to the higher cost of imported rice this year and lower volume of sales following the Government's subsidised rice program.

17. Commentary on Prospects

Bernas is expected to perform better for the year 2009 in view of anticipated stable rice market.

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

	As at 31/12/2008 RM'000	As at 31/12/2007 RM'000
Tax expense for the period:-		
- Malaysian Income Tax	15,004	33,789
- Deferred tax	(42,076)	4,007
	<u>(27,072)</u>	<u>37,796</u>

The effective tax rates for the current quarter ended 31 December 2008 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 31/12/08 RM'000	As at 31/12/07 RM'000
Short Term Borrowings:-		
Secured	27,978	34,890
Unsecured	833,047	163,528
	<u>861,025</u>	<u>198,418</u>
Long Term Borrowings		
Secured	12,323	13,390
	<u>873,348</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 26 February 2009.

25. Changes in Material Litigation

As at 26 February 2009, 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.

	As at 31/12/08	As at 31/12/07
Net (loss)/profit for the period (RM'000)	(54,276)	107,343
Weighted average number of ordinary shares in issue ('000)	<u>470,402</u>	<u>470,402</u>
Basic earnings per share (sen)	<u>(12)</u>	<u>23</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 26 February 2009.

BY ORDER OF THE BOARD

NASLIZA MOHD NASIR
COMPANY SECRETARY
PADIBERAS NASIONAL BERHAD