

**PADIBERAS NASIONAL BERHAD**  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2009**

	Individual Month 3 months ended		Cumulative Year To Date 12 months ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RM'000	RM'000	RM'000	RM'000
Revenue	799,520	776,667	3,257,818	2,501,954
Cost of sales	(665,820)	(791,401)	(2,716,409)	(2,365,702)
Gross profit	<u>133,700</u>	<u>(14,734)</u>	<u>541,409</u>	<u>136,252</u>
Other income	16,906	17,227	19,997	22,038
Administrative expenses	(96,026)	(54,875)	(260,956)	(193,405)
Selling and marketing expenses	(4,455)	(2,688)	(20,671)	(16,523)
Distribution costs	(8,646)	(7,036)	(28,171)	(24,023)
Other expenses	(14,313)	(11,704)	(48,510)	(43,570)
Finance costs, net	(6,205)	(8,619)	(24,091)	(23,051)
Share of results from associates	11,528	2,397	38,826	47,953
Profit/(loss) before taxation	<u>32,489</u>	<u>(80,032)</u>	<u>217,833</u>	<u>(94,329)</u>
Taxation	<u>2,854</u>	<u>41,825</u>	<u>(37,970)</u>	<u>36,857</u>
Net profit/(loss) for the period	<u><u>35,343</u></u>	<u><u>(38,207)</u></u>	<u><u>179,863</u></u>	<u><u>(57,472)</u></u>
Attributable to :				
Equity holders of the parent	28,779	(39,930)	169,254	(76,018)
Minority interests	6,564	1,723	10,609	18,546
	<u><u>35,343</u></u>	<u><u>(38,207)</u></u>	<u><u>179,863</u></u>	<u><u>(57,472)</u></u>
Earnings per share (sen)				
(i) Basic (based on 470,402,000 ordinary shares (2007: 470,402,000 ordinary shares) (sen))	7.51	(8.12)	38.24	(12.22)

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**PADIBERAS NASIONAL BERHAD**  
**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2009**

<b>ASSETS</b>	<b>As at 31/12/2009 RM'000</b>	<b>Audited as at 31/12/2008 RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	336,170	333,999
Investment in associated companies	239,199	214,784
Other investments	40	40
Intangible assets	139	210
Deferred tax assets	56,909	78,205
Lease prepayments	9,897	27,285
	<u>642,354</u>	<u>654,523</u>
<b>Current assets</b>		
Tax recoverable	1,590	15,201
Inventories	521,387	371,501
Trade and other receivables	805,796	780,316
Cash and bank balances	198,184	212,600
	<u>1,526,957</u>	<u>1,379,618</u>
<b>TOTAL ASSETS</b>	<u>2,169,311</u>	<u>2,034,141</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	470,402	470,402
Reserves	549,892	390,853
	<u>1,020,294</u>	<u>861,255</u>
Minority interests	74,264	63,655
<b>Total equity</b>	<u>1,094,558</u>	<u>924,910</u>
<b>Non-current liabilities</b>		
Retirement benefit obligations	64,317	58,477
Long term borrowings	10,007	12,785
Deferred tax liabilities	29,934	32,500
	<u>104,258</u>	<u>103,762</u>
<b>Current liabilities</b>		
Retirement benefit obligations	3,018	3,018
Short term borrowings	762,977	858,793
Trade and other payables	197,943	130,959
Tax payable	6,557	12,699
	<u>970,495</u>	<u>1,005,469</u>
<b>Total liabilities</b>	<u>1,074,753</u>	<u>1,109,231</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,169,311</u>	<u>2,034,141</u>
	-	-
Net assets per share (RM)	2.17	1.83

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**PADIBERAS NASIONAL BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2009**

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		Distributable Retained profits RM'000			
		Share premium RM'000	Other reserves RM'000				
<b>At 1 January 2008</b>	470,402	7,085	21,012	468,996	967,495	45,109	1,012,604
Currency exchange translation differences			58	-	58	-	58
Transfer from Government Stockpile	-	-	(6,609)	-	(6,609)	-	(6,609)
Net expense recognised directly in equity	-	-	(6,551)	- #	(6,551) #	-	(6,551)
Loss for the year	-	-	-	(76,018)	(76,018)	18,546	(57,472)
Total recognised income and expense for the year	-	-	(6,551)	(76,018)	(82,569)	18,546	(64,023)
Dividend	-	-	-	(23,671)	(23,671)	-	(23,671)
<b>At 31 December 2008</b>	<b>470,402</b>	<b>7,085</b>	<b>14,461</b>	<b>369,307</b>	<b>861,255</b>	<b>63,655</b>	<b>924,910</b>
	Attributable to Equity holders of the Parent				Total RM'000	Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable		Distributable Retained profits RM'000			
		Share premium RM'000	Other reserves RM'000				
<b>At 1 January 2009</b>	470,402	7,085	14,461	369,307	861,255	63,655	924,910
Foreign currency translation	-	-	(101)	-	(101)	-	(101)
Revaluation reserve	-	-	472	-	472	-	472
Transfer to Government Stockpile	-	-	-	-	-	-	-
Net expense recognised directly in equity	-	-	371	-	371	-	371
Net profit for the period	-	-	-	169,254	169,254	10,609	179,863
Total recognised income and expense for the year	-	-	371	169,254	169,625	10,609	180,234
Effects arising from acquisition of minority interest of a subsidiary	-	-	-	-	-	-	-
Dividend	-	-	-	(10,586)	(10,586)	-	(10,586)
<b>At 31 December 2009</b>	<b>470,402</b>	<b>7,085</b>	<b>14,832</b>	<b>527,975</b>	<b>1,030,880</b>	<b>74,264</b>	<b>1,094,558</b>

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**PADIBERAS NATIONAL BERHAD**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2009**

	Year ended 31 December 2009 RM '000	Year ended 31 December 2008 RM '000
Net cash generated from operating activities	112,407	(643,971)
Net cash used in investing activities	(14,002)	(44,437)
Net cash used in financing activities	(109,180)	641,753
<b>Net Change in Cash and Cash Equivalents</b>	<b>(10,775)</b>	<b>(46,655)</b>
<b>Cash and Cash Equivalents at beginning of period</b>	<b>208,260</b>	<b>254,915</b>
<b>Cash and Cash Equivalents at end of period</b>	<b>197,485</b>	<b>208,260</b>
<b>Cash and Cash Equivalents comprise :-</b>		
Cash and bank balances	198,184	212,600
Bank overdrafts	(699)	(4,340)
	<b>197,485</b>	<b>208,260</b>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009**

**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 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 financial year ended 31 December 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 December 2008.

**3. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the year ended 31 December 2008 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**

There was no dividend paid for the current quarter.

## **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 (Contd.)

(a) Contd.

- (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 was fixed for decision on 20 May 2009. On 20 May 2009, the Judge in Chambers has dismissed the Company's appeal with costs in relation to the Senior Assistant Registrar's decision on 7 May 2007 for the Company's striking out application. The Company has upon advice by the solicitors, instructed its solicitors to file a Notice of Appeal at the Court of Appeal against the decision of the Judge in Chambers.

The Court Of Appeal has yet to fix the hearing date for the Notice of Appeal filed by the Company.

(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 which has been fixed for 22 June 2009 has been adjourned to 2 September 2009 and 26 October 2009 respectively for further mention. BERNAS had given instruction to its solicitors to set aside the said injunction application. The Court has yet to fix the date for KBK's application for injunctive relief and discovery.

(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.

### 13. Changes in Contingent Liabilities and Contingent Assets (Contd.)

(c) Contd.

- (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.

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 Bernas's application to strike out the 21st Defendant with cost payable to Bernas but dismissed Bernas'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's solicitors had on 17 April 2008, filed Statements of Defence for 2nd to 12th Defendants. The matter has been fixed for further case management on 14 May 2010 pending the parties' compliance with the case management directions.

(d) The Company on 6 June 2006 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.



### 13. Changes in Contingent Liabilities and Contingent Assets (Contd.)

(d) Contd.

(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.

The Court had on 13th March 2008 allowed Plaintiff's application with cost and the Company had instructed the Company's solicitors to file Grounds of Appeal to the court of appeal. The court of appeal had on 24 August 2009 allowed the Company's application to amend the memorandum of appeal and the notice of appeal. As of to date, the court of appeal has yet to fix the hearing date for the Notice of Appeal filed by the Company.

(e) The Company on 4 January 2010 was served with a sealed copy of Originating Summons and Affidavit in Support ("the Plaintiffs Application") affirmed by Rahman Bin Samud for and on behalf of the 242 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.

The Plaintiff's application has been fixed for hearing on 22 February 2010. BERNAS had given instructions to its solicitors to file reply to the Plaintiffs' affidavit and to defend BERNAS in the said application.

There are no other changes in contingent liabilities since the last annual balance sheet as at 30 September 2009. The Group does not have any contingents assets.

#### 14. Capital Commitments

	As at 31/12/2009 RM'000	As at 31/12/2008 RM'000
Capital expenditure approved and contracted for: Property, plant and equipment	<u>28,370</u>	<u>32,477</u>
Capital expenditure approved but not contracted for: Property, plant and equipment	<u>96,732</u>	<u>187,365</u>

#### 15. Performance Review

Group's revenue for the year increased by 30.21% to RM3.26 billion as compared to RM2.50 billion recorded for the corresponding period last year. The increase is mainly due to the higher selling price of rice and volume of sales recorded.

The Group has recorded profit after tax of RM179.9 million for 2009 as compared to RM57.5 million loss for the corresponding period last year. The increase is mainly due to the higher sales of rice and better margin on sales of rice recorded.

#### 16. Comments on Material Changes in Profit Before Taxation

The Group recorded profit before tax of RM32.5 million for the quarter ended 31 December 2009, a decrease of 61.1% as compared to the profit before tax of RM83.5 million for the previous third quarter of 2009. The decrease in profitability is mainly due to the lower margin of rice and lower volume of sales recorded in the fourth quarter as compared to the previous quarter.

#### 17. Commentary on Prospects

The year 2010 would be a challenging year for the Group due to the expected increase in the international rice prices as a result of the anticipated deficit in the global production of rice this year. However, the Group has mitigated some of the impact by buying forward the Group's rice requirements and as such, is expected to perform satisfactorily this year.

#### 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 31/12/2009 RM'000	As at 31/12/2008 RM'000
Tax expense/(credit) for the period:-		
- Malaysian Income Tax	19,240	13,805
- Deferred tax	18,730	(50,662)
	<u>37,970</u>	<u>(36,857)</u>

The effective tax rates for the current quarter ended 31 December 2009 is lower than the statutory tax rate applicable to the Group due to deferred tax recognised from the unrealised gain on inventories on current year and unrealised gain on inventories on last year but realised on current year.

## 20. Sale of Unquoted Investments and Properties

During the fourth quarter, the Group has sold unquoted investments in two associate companies for a total price consideration of RM7.1 million.

## 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 31/12/09 RM'000	As at 31/12/08 RM'000
Short Term Borrowings:-		
Secured	8,470	5,693
Unsecured	754,507	853,100
	<u>762,977</u>	<u>858,793</u>
Long Term Borrowings		
Secured	10,007	12,228
	<u>772,984</u>	<u>871,021</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 31 December 2009.

#### 25. Changes in Material Litigation

As at 31 December 2009, there were no changes in material litigation, including status of pending material litigation since the last annual balance sheet date of 31 December 2008 other than as disclosed in Note 13.

#### 26. Dividend

There is no dividend payable for the current quarter.

#### 27. Earnings Per Share

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

	<b>As at 31/12/09</b>	<b>As at 31/12/08</b>
Net profit/(loss) for the period (RM'000)	179,863	(57,472)
Weighted average number of ordinary shares in issue ('000)	<u>470,402</u>	<u>470,402</u>
Basic earnings per share (sen)	<u>38.24</u>	<u>(12.22)</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 18 February 2010.

**BY ORDER OF THE BOARD**

**NASLIZA MOHD NASIR**  
COMPANY SECRETARY  
PADIBERAS NASIONAL BERHAD