

PADIBERAS NASIONAL BERHAD
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Individual Quarter		Cumulative Year To Date	
	3 months ended		12 months ended	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM'000	RM'000	RM'000	RM'000
Revenue	881,931	801,578	3,195,762	3,259,876
Other income	6,436	17,425	18,061	22,784
Changes in inventory of finished goods and work in progress	(136,170)	(205,112)	9,526	181,427
Raw materials and consumables	(555,643)	(403,133)	(2,509,841)	(2,818,818)
Staff costs	(50,030)	(68,766)	(186,807)	(174,354)
Depreciation of property, plant and equipment	(11,386)	(10,096)	(37,527)	(33,897)
Other operating expenses	(63,326)	(83,844)	(230,725)	(213,034)
Finance cost	(10,706)	(6,310)	(28,333)	(24,196)
Share of profit of associates	10,336	11,240	33,616	38,538
Profit before tax	<u>71,443</u>	<u>52,982</u>	<u>263,732</u>	<u>238,326</u>
Income tax expense	<u>(30,747)</u>	<u>(17,965)</u>	<u>(77,443)</u>	<u>(58,789)</u>
Profit for the period	<u>40,696</u>	<u>35,017</u>	<u>186,289</u>	<u>179,537</u>
Attributable to :				
Equity holders of the parent	36,881	32,411	177,059	169,261
Non-controlling interests	<u>3,815</u>	<u>2,606</u>	<u>9,230</u>	<u>10,276</u>
	<u>40,696</u>	<u>35,017</u>	<u>186,289</u>	<u>179,537</u>
Earnings per share (sen)				
(i) Basic (based on 470,402,000 ordinary shares (2007: 470,402,000 ordinary shares) (sen))	7.84	6.89	37.64	36.75

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NASIONAL BERHAD
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2010

	Individual Quarter		Cumulative Year To Date	
	3 months ended		12 months ended	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	40,696	35,017	186,289	179,537
Other comprehensive income				
Exchange differences on translation of foreign operations	(841)	(1,339)	(841)	(1,339)
Other comprehensive expense for the year, net of tax	(841)	(1,339)	(841)	(1,339)
Total comprehensive income for the year	<u>39,855</u>	<u>33,678</u>	<u>185,448</u>	<u>178,198</u>
Attributable to :				
Equity holders of the parent	36,040	31,072	176,218	167,922
Non-controlling interests	3,815	2,606	9,230	10,276
	<u>39,855</u>	<u>33,678</u>	<u>185,448</u>	<u>178,198</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NASIONAL BERHAD
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2010

ASSETS	As at 31/12/2010 RM'000	Audited as at 31/12/2009 RM'000
Non-current assets		
Property, plant and equipment	381,039	357,346
Investment in associated companies	242,648	237,193
Other investments	38	40
Intangible assets	139	139
Deferred tax assets	70,491	51,454
	<u>694,355</u>	<u>646,172</u>
Current assets		
Tax recoverable	1,672	-
Inventories	562,452	552,929
Trade and other receivables	938,617	743,148
Amount owing from associated companies	20,479	33,979
Cash and bank balances	233,553	198,815
	<u>1,756,773</u>	<u>1,528,871</u>
TOTAL ASSETS	<u>2,451,128</u>	<u>2,175,043</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	470,402	470,402
Reserves	588,806	547,852
	<u>1,059,208</u>	<u>1,018,254</u>
Non-controlling interests	84,247	70,019
Total equity	<u>1,143,455</u>	<u>1,088,273</u>
Non-current liabilities		
Retirement benefit obligations	64,412	63,367
Long term borrowings	409,489	12,791
Deferred tax liabilities	33,299	28,083
	<u>507,200</u>	<u>104,241</u>
Current liabilities		
Retirement benefit obligations	4,969	3,968
Short term borrowings	514,364	760,568
Trade and other payables	239,370	176,540
Amount owing to associated company	340	18,600
Tax payable	41,430	22,853
	<u>800,473</u>	<u>982,529</u>
Total liabilities	<u>1,307,673</u>	<u>1,086,770</u>
TOTAL EQUITY AND LIABILITIES	<u>2,451,128</u>	<u>2,175,043</u>
	-	-
Net assets per share (RM)	2.25	2.16

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NASIONAL BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Attributable to Equity holders of the Parent				Total RM'000	Non controlling Interests 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 2010	470,402	7,085	13,122	527,645	1,018,254	70,019	1,088,273
(as previously stated)							
Effects of adopting FRS 139	-	-	-	(9,338)	(9,338)	-	(9,338)
As at 1 January 2010 (restated)	470,402	7,085	13,122	518,307	1,008,916	70,019	1,078,935
Accretion of interest in a subsidiary company	-	-	-	1,094	1,094	6,098	7,192
Total comprehensive income for the period	-	-	(841)	177,059	176,218	9,230	185,448
Dividend	-	-	-	(127,020)	(127,020)	(1,100)	(128,120)
At 31 December 2010	470,402	7,085	12,281	569,440	1,059,208	84,247	1,143,455
At 1 January 2009	470,402	7,085	14,461	369,307	861,255	63,655	924,910
Accretion of interest in a subsidiary company	-	-	-	(338)	(338)	(3,912)	(4,250)
Total comprehensive income for the period	-	-	(1,339)	169,261	167,922	10,276	178,198
Dividends	-	-	-	(10,585)	(10,585)	-	(10,585)
At 31 December 2009	470,402	7,085	13,122	527,645	1,018,254	70,019	1,088,273

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NATIONAL BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2010

	Year ended 31 December 2010 RM '000	Year ended 31 December 2009 RM '000
Net cash (used in)/generated from operating activities	(141,150)	182,667
Net cash used in investing activities	(32,321)	(5,131)
Net cash generated from/(used in) financing activities	208,449	(152,819)
Net Change in Cash and Cash Equivalents	34,978	24,717
Cash and Cash Equivalents at beginning of period	194,856	208,260
Cash and Cash Equivalents at end of period	229,834	232,977
Cash and Cash Equivalents comprise :-		
Cash and bank balances	233,553	260,650
Bank overdrafts	(3,719)	(27,673)
	229,834	232,977

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 10 MONTHS PERIOD ENDED 31 DECEMBER 2010**

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 2009. 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 2009.

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 2009 except for the adoption of the following new/revised Financial Reporting Standards ("FRS"):

Effective for financial periods beginning on or after 1 July 2009:

FRS 8 Operating Segments

Effective for financial periods beginning on or after 1 January 2010:

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 101 Presentation of Financial Statements (revised)

FRS 123 Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1
and FRS 127 First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly

Amendment to FRS 2 Share-based Payment - Vesting Conditions and Cancellations

Amendment to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 8 Operating Segments

Amendment to FRS 107 Cash Flow Statements

Amendment to FRS 108 Accounting Policies, Changes in Accounting Estimates and Error

Amendment to FRS 110 Event After the Balance Sheet Date

Amendment to FRS 116 Property, Plant and Equipment

Amendment to FRS 117 Lease

Amendment to FRS 118 Revenue

Amendment to FRS 119 Employee Benefits

Amendment to FRS 120 Accounting for Government Grants and Disclosure of Government Assistance

Amendment to FRS 123 Borrowing Costs

Amendment to FRS 128 Investment in Associates

Amendment to FRS 129 Financial Reporting in Hyperinflationary Economies

Amendment to FRS 131 Interest in Joint Ventures

Amendments to FRS 132 Financial Instruments: Presentation

Amendment to FRS 134 Interim Financial Reporting

Amendment to FRS 136 Impairment of Assets

Amendment to FRS 138 Intangible Assets

Amendments to FRS 139,
FRS 7 and

IC Interpretation 9

Improvements to FRSs
2009 Improvement to FRSs (2009)

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

2. Changes in Accounting Policies (Contd.)

The above FRSs, Amendments to FRS and Interpretations are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes arising from the adoption of FRS 7, FRS 8, FRS 101, and FRS 139 as discussed below:

FRS 7 : Financial Instruments : Disclosures

FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of the quantitative information about exposures to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and foreign exchange risks, including sensitivity analysis to foreign exchange risks. As this is a disclosure standard, there will be no impact on the financial position or results of the Group for the period.

FRS 8 : Operating Segments

FRS 8 replaces FRS 114²⁰⁰⁴ : Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segment reporting will be based on the internal reporting to the "chief operating decision maker" who makes decisions on the allocation of resources and assesses the performance on the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group for the period.

FRS 101: Presentation of the Financial Statements

The revised FRS 101 separates owner and non-owner changes in equity. The statement of the changes in equity includes only details of transaction with owners, with all non-owner changes in equity presented in their statement of other comprehensive income. In addition, the standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and result of the Group.

FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 provides guidance for the measurement of financial instruments. Depending on the categorization applied for each individual financial asset and liability, some financial assets and liabilities will need to be fair valued and others are stated at amortised cost. FRS 139 prescribes prospective application for the first time adoption. Significant accounting policies adopted are summarized below :-

Financial Assets

Financial assets recognised in the statement of financial position when and only when, the Group or Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Group or the Company's contractual rights to the cashflow from the financial assets expires or if the Group or the Company transfer the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

Initial Recognition

Financial assets within the scope of FRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way purchase) are recognised on the trade date i.e. date that the Group or Company commits to purchase or sell the assets.

2. Changes in Accounting Policies (Contd.)

FRS 139: Financial Instruments: Recognition and Measurement (Contd.)

Financial Assets (Contd.)

Initial Recognition (Contd.)

The Group's financial assets include cash and bank balances and trade and other receivables. All financial assets of the Group and Company are categorised as loans and receivables.

Subsequent Measurement

Loans and receivables are non- derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method less impairment losses. Gains and losses are recognized in the income statement when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

Financial Liabilities

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provision of the instrument. Financial liabilities are derecognised if the Group's obligation specified in the contract expires or are discharged or cancelled.

Initial Recognition

Financial liabilities within the scope of FRS 139 are classified as financial liabilities at fair value through profit and loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs. The Group's financial liabilities includes trade and other payables and financial guarantees. All financial liabilities of the Group are classified as loans and borrowings.

Subsequent Measurement

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognized in the Statement of Comprehensive Income when the liabilities are derecognized as well as through amortisation process.

Transitional provisions and effects on financial statements

In accordance with the transitional provision of FRS 139, the Group is required to remeasure the financial assets and liabilities as appropriate. Any adjustment of the previous carrying amount of the financial assets and liabilities shall be recognised as an adjustment of the balance of retained earnings at the beginning of the financial year in which FRS 139 is initially applied.

The following table provides the extent to which the consolidated statement of financial position as at 30 June 2010 is higher or lower than it would have been had the previous policies been applied in the current period. The changes have been accounted for by restating the following opening balances in the statement of financial position as at 1 January 2010:

Effect on Statement of Financial Position as at 1 January 2010	RM'000
Decrease in Trade and Other Receivables	(9,338)
Increase in Retained Earnings	9,338

Impairment of financial assets

FRS 139 required the Group to assess at each statement of financial position date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the assets (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2009 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 forth quarter ended 31 December 2010.

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

The Group raised RM400 million from the issuance of Islamic Commercial Paper/Islamic Medium Term Notes ("ICP/IMTN") under an ICP/IMTN program based on the Islamic Principle of Musyarakah on 7 September 2010 to finance the capital expenditures, investments and working capital requirements. This ICP/IMTN is unsecured, due on 7 September 2015 and bears profit at 5.05% p.a.. The profit is repayable within 10 equal semi-annual instalments commencing on 7 March 2011.

8. Dividends Paid

An Interim dividend of 12% taxable dividend less 25% taxation on 420,401,501 ordinary shares in respect of financial year ended 31 December 2010 amounting to RM42,336,000 was declared on 30 August 2010 and paid on 26 October 2010.

9. Segmental Information

For management purposes, the Group is organised based on the products and has reportable operating segments as follows:

2010	Local rice RM'000	Import rice RM'000	Non-rice RM'000	Adjustments and elimination RM'000	As Per Consolidated Financial Statements RM'000
Revenue:-					
External customers	1,024,674	1,736,827	462,822	(28,561)	3,195,762
Inter-segment	<u>521,284</u>	<u>1,327,237</u>	<u>-</u>	<u>(1,848,521)</u>	<u>-</u>
	1,545,958	3,064,064	462,822	(1,877,082)	3,195,762
Other income	-	-	18,061	-	18,061
Changes in inventory of finished goods and work in progress	3,215	26,829	(20,521)	-	9,523
Raw materials and consumables	<u>(984,747)</u>	<u>(1,211,767)</u>	<u>(326,967)</u>	<u>13,640</u>	<u>(2,509,841)</u>
Segment profit before staff cost and other expenses	<u>564,426</u>	<u>1,879,126</u>	<u>133,395</u>	<u>(1,863,442)</u>	<u>713,505</u>
Staff costs					(186,807)
Depreciation and other operating expenses					(268,249)
Finance cost					(28,333)
Share of profit of associates					<u>33,616</u>
Profit before tax					<u>263,732</u>

9. Segmental Information (Contd.)

For management purposes, the Group is organised based on the products and has reportable operating segments as follows (contd.):

2009	Local rice RM'000	Import rice RM'000	Non-rice RM'000	Adjustments and elimination RM'000	As Per Consolidated Financial Statements RM'000
Revenue:-					
External customers	696,740	2,088,821	474,315	-	3,259,876
Inter-segment	141,070	1,834,317	-	(1,975,387)	-
	<u>837,810</u>	<u>3,923,138</u>	<u>474,315</u>	<u>(1,975,387)</u>	<u>3,259,876</u>
Other income	-	-	22,784	-	22,784
Changes in inventory of finished goods and work in progress	36,877	193,510	(48,959)	-	181,428
Raw materials and consumables	(667,658)	(1,721,914)	(292,516)	(156,730)	(2,838,818)
Segment profit before staff cost and other expenses	<u>207,029</u>	<u>2,394,734</u>	<u>155,624</u>	<u>(2,132,117)</u>	<u>625,270</u>
Staff costs					(174,354)
Depreciation and other operating expenses					(226,932)
Finance cost					(24,196)
Share of profit of associates					38,538
Profit before tax					<u>238,326</u>

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;
- (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.

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

(a) Contd.

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 on 16 November 2010 had unanimously allowed the Company's appeal against the decision of the Senior Assistant Registrar in dismissing the Company's application to strike out KBK's derivative action that was commenced against the Company. The Court of Appeal was of the view that the Statement of Claim filed by KBK clearly indicate that this case is one of a breach of the Joint Venture Agreement and there is no basis for a derivative action and the damages suffered by KBK is a result of the breach of the Joint Venture Agreement.

(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. The Company 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.

With the decision awarded by the Court on 16 November 2010 in allowing the Company's appeal to strike out KBK's derivative action that was commenced against the Company, KBK can no longer maintain the suit against the Company. The Company's solicitor shall inform court on the outcome of the Company's appeal.

(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.

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 the Company 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's solicitors had on 17 April 2008, filed Statements of Defence for 2nd to 12th Defendants. During its last case management, the court fixed 30,31 May and 1 June 2011 for hearing of the matter.

(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:

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

(d) Contd.

- (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 Court had on 13 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. The Court of Appeal fixed 18 January 2011 as the hearing date for the appeal and that the decision of the same fixed for 8 February 2011. Matter came up for decision on 7 February 2011 wherein the Court of Appeal allowed the Company's appeal and set aside the High Court order with no order as to costs.

(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 Company had filed its affidavit in reply to the affidavit in support affirmed by the Plaintiffs. Matter came up for mention on 5 October 2010, wherein the court fixed for 15 December 2010 for further case management pending the disposal of the appeal in the Court of Appeal in relation to the civil suit filed by Zainon Binti Ahmad & 690 others against the Company. Court has fixed for 23 May 2011 for the case management.

There are no other changes in contingent liabilities since the last annual balance sheet as at 31 December 2009. The Group does not have any contingent assets.

14. Capital Commitments

	As at 31/12/2010 RM'000	As at 31/12/2009 RM'000
Capital expenditure approved and contracted for:		
Property, plant and equipment	<u>57,459</u>	<u>32,477</u>
Capital expenditure approved but not contracted for:		
Property, plant and equipment	<u>134,812</u>	<u>148,457</u>

15. Performance Review

Group's revenue for the quarter decreased by 2.0% to RM3.20 billion as compared to RM3.26 billion recorded for the corresponding quarter last year. The decrease is mainly due to the lower price of rice sold.

The Group has recorded a slight increase in profit after tax of RM186.3 million for the quarter as compared to RM179.5 million profit for the corresponding quarter last year due to higher margin and volume of rice sold.

16. Comments on Material Changes in Profit Before Taxation

The Group recorded profit before tax of RM71.4 million for the quarter ended 31 December 2010, an decrease of 19.2% as compared to the profit before tax of RM88.4 million for the previous third quarter of 2010. The decrease is mainly due to higher operation and administrative expenses incurred in the final quarter.

17. Commentary on Prospects

In anticipation of the price volatility of global rice market in 2011, the Group has mitigated the risk by buying forward some of the current year's requirement of rice. As such, the Group is expected to maintain its good performance in 2011.

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 31/12/2010 RM'000	As at 31/12/2009 RM'000
Tax expense for the period:-		
- Malaysian Income Tax	91,264	36,455
- Deferred tax	<u>(13,821)</u>	<u>22,334</u>
	<u>77,443</u>	<u>58,789</u>

The effective tax rates for the current quarter ended 31 December 2010 is higher than the statutory tax rate applicable to the Group due to deferred tax liabilities recognised on accelerated capital allowances.

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 31/12/10 RM'000	As at 31/12/09 RM'000
Short Term Borrowings:-		
- Secured	8,470	5,693
- Unsecured	505,894	754,875
	<u>514,364</u>	<u>760,568</u>
Long Term Borrowings		
- Secured	409,489	12,228
	<u>923,853</u>	<u>772,796</u>

All the above borrowings are denominated in Ringgit Malaysia.

24. Retained Earnings

	As at 31/12/10 RM'000
Total retained earnings of the Company and subsidiaries:-	
- Realised	514,892
- Unrealised	7,158
	<u>522,050</u>
Total share of retained earnings from associated companies:-	
- Realised	121,095
- Unrealised	1,660
	<u>644,805</u>
Less: Consolidation adjustments	(75,365)
Total group retained	<u>569,440</u>

25. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 31 December 2010.

26. Changes in Material Litigation

As at 31 December 2010, there were no changes in material litigation, including status of pending material litigation since the last annual balance sheet date of 31 December 2009 other than as disclosed in Note 13.

27. Dividend Payable

There is no dividend payable for the current quarter.

28. 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 31/12/10	As at 31/12/09
Net profit for the period (RM'000)	177,059	169,261
Weighted average number of ordinary shares in issue ('000)	<u>470,402</u>	<u>470,402</u>
Basic earnings per share (sen)	<u>37.64</u>	<u>35.98</u>

29. 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 21 February 2011.

BY ORDER OF THE BOARD

NASLIZA MOHD NASIR
COMPANY SECRETARY
PADIBERAS NASIONAL BERHAD