

PADIBERAS NASIONAL BERHAD
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2011

	Individual Quarter		Cumulative Year To Date	
	3 months ended		12 months ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Revenue	983,544	859,142	3,534,449	3,172,973
Other income	12,700	12,206	28,718	23,831
Changes in inventory of finished goods and work in progress	(108,584)	(114,748)	177,909	30,948
Raw materials and consumables	(685,534)	(568,473)	(2,980,732)	(2,522,672)
Staff costs	(58,891)	(53,693)	(184,266)	(190,470)
Depreciation of property, plant and equipment	(13,624)	(14,661)	(41,358)	(40,802)
Other operating expenses	(81,666)	(66,174)	(258,886)	(233,573)
Finance cost	(15,453)	(10,697)	(56,989)	(28,324)
Share of profit of associates	7,012	10,590	28,004	33,870
Profit before tax	<u>39,504</u>	<u>53,492</u>	<u>246,849</u>	<u>245,781</u>
Income tax expense	<u>(17,608)</u>	<u>(12,924)</u>	<u>(74,251)</u>	<u>(59,620)</u>
Profit for the period/year	<u>21,896</u>	<u>40,568</u>	<u>172,598</u>	<u>186,161</u>
Attributable to :				
Equity holders of the parent	18,255	37,360	165,685	177,538
Minority interests	<u>3,641</u>	<u>3,208</u>	<u>6,913</u>	<u>8,623</u>
	<u>21,896</u>	<u>40,568</u>	<u>172,598</u>	<u>186,161</u>
Earnings per share (sen)				
(i) Basic (based on 470,402,000 ordinary shares (2010: 470,402,000 ordinary shares) (sen))	3.88	7.94	35.22	37.74

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NASIONAL BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2011

	Individual Quarter		Cumulative Year To Date	
	3 months ended		12 months ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	21,896	40,568	172,598	186,161
Other comprehensive income:				
Loss on fair value changes of available-for-sales investments	(11)	-	(11)	-
Foreign currency translation	-	(1,506)	-	(1,506)
Total comprehensive income for the period/year	<u>21,885</u>	<u>39,062</u>	<u>172,587</u>	<u>184,655</u>
Attributable to :				
Equity holders of the parent	18,244	35,854	165,674	176,032
Non-controlling interests	3,641	3,208	6,913	8,623
	<u>21,885</u>	<u>39,062</u>	<u>172,587</u>	<u>184,655</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2011

ASSETS	As at 31/12/2011 RM'000	Audited as at 31/12/2010 RM'000
Non-current assets		
Property, plant and equipment	400,231	381,098
Investment in associated companies	321,954	242,363
Other investments	36,700	179
Intangible assets	139	139
Deferred tax assets	57,286	62,704
	<u>816,310</u>	<u>686,483</u>
Current assets		
Tax recoverable	10,574	1,916
Inventories	761,786	583,877
Trade and other receivables	831,389	865,506
Amount owing from associated companies	46,472	20,479
Cash and bank balances	377,658	243,872
	<u>2,027,879</u>	<u>1,715,650</u>
TOTAL ASSETS	<u>2,844,189</u>	<u>2,402,133</u>
Current liabilities		
Retirement benefit obligations	5,323	4,428
Short term borrowings	556,405	515,377
Trade and other payables	207,399	223,566
Amount owing to associated company	646	304
Tax payable	7,642	20,825
	<u>777,415</u>	<u>764,500</u>
Net Current Assets	<u>1,250,464</u>	<u>951,150</u>
Non-current liabilities		
Retirement benefit obligations	66,809	65,989
Long term borrowings	769,855	409,484
Deferred tax liabilities	32,603	19,604
	<u>869,267</u>	<u>495,077</u>
Total liabilities	<u>1,646,682</u>	<u>1,259,577</u>
Net Assets	<u>1,197,507</u>	<u>1,142,556</u>
Equity attributable to equity holders of the Company		
Share capital	470,402	470,402
Reserves	637,763	588,514
	<u>1,108,165</u>	<u>1,058,916</u>
Minority interests	89,342	83,640
Total equity	<u>1,197,507</u>	<u>1,142,556</u>
TOTAL EQUITY AND LIABILITIES	<u>2,844,189</u>	<u>2,402,133</u>
Net assets per share (RM)	2.36	2.25

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NASIONAL BERHAD
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2011

	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Non- distributable Share capital RM'000	Distributable Retained profits RM'000	Other reserves RM'000	<-----Non-distributable reserves----->					Minority interest RM'000
						Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	AFS reserve RM'000	Foreign exchange reserve RM'000	
At 1 January 2010	1,079,911	1,009,892	470,402	519,283	20,207	7,085	2,864	12,520	-	(2,262)	70,019
Total comprehensive income for the year	184,655	176,032	-	177,538	(1,506)	-	-	-	-	(1,506)	8,623
Transactions with owners											
Acquisition of subsidiary company	11,293	-	-	-	-	-	-	-	-	-	11,293
Effects arising from acquisition of minority interest of subsidiary	(5,195)	-	-	-	-	-	-	-	-	-	(5,195)
Dividend	(128,108)	(127,008)	-	(127,008)	-	-	-	-	-	-	(1,100)
At 31 December 2010	1,142,556	1,058,916	470,402	569,813	18,701	7,085	2,864	12,520	-	(3,768)	83,640

	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Non- distributable Share capital RM'000	Distributable Retained profits RM'000	Other reserves RM'000	<-----Non-distributable reserves----->					Minority interest RM'000
						Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	AFS reserve RM'000	Foreign exchange reserve RM'000	
At 1 January 2011	1,142,556	1,058,916	470,402	569,813	18,701	7,085	2,864	12,520	-	(3,768)	83,640
Total comprehensive income for the year	172,587	165,674	-	165,685	(11)	-	-	-	(11)	-	6,913
Transactions with owners											
Dividend	(117,636)	(116,425)	-	(116,425)	-	-	-	-	-	-	(1,211)
At 31 December 2011	1,197,507	1,108,165	470,402	619,073	18,690	7,085	2,864	12,520	(11)	(3,768)	89,342

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NATIONAL BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2011

	Year ended 31/12/2011 RM '000	Year ended 31/12/2010 RM '000
OPERATING ACTIVITIES		
Profit before tax	246,849	245,781
Adjustments for:		
Depreciation of property, plant and equipment	41,358	40,802
Loss on disposal of property, plant and equipment	744	874
Property, plant and equipment written off	3,764	5,072
Impairment loss on receivables	3,132	10,120
Provision for retirement benefits	7,945	8,704
Impairment loss recovered on trade receivables	(53)	(44)
Gain on disposal of associate	(5,350)	-
Interest expense	53,834	27,009
Interest income	(10,343)	(5,293)
Share of results from associates	(28,004)	(33,870)
Inventories written down	7,243	-
Negative goodwill	-	(1,292)
Unrealised loss/(gain) in foreign exchange	5,159	(2,489)
Operating profit before working capital changes	326,278	295,374
Decrease/(increase) in receivables	3,253	(74,080)
Increase in inventories	(182,783)	(18,269)
(Decrease)/increase in payables	(16,403)	3,520
Cash generated from operations	130,345	206,545
Interest paid	(53,834)	(27,009)
Retirement benefits paid	(6,230)	(5,622)
Income tax paid	(78,283)	(83,502)
Interest income received	10,343	5,293
Net cash (used in)/generated from operating activities	2,341	95,705
INVESTING ACTIVITIES		
Additional of other investment	(36,532)	-
Additional of investment in subsidiaries	-	(4,730)
Net cash outflow on acquisition of subsidiaries	-	(24,943)
Proceeds from disposal of subsidiaries	-	3,567
Additional of investment in associates	(110,663)	-
Dividend received from associates	29,034	18,036
Purchase of property, plant and equipment	(65,745)	(51,204)
Proceeds from disposal of associates	36,000	-
Proceeds from disposal of property, plant and equipment	746	1,001
Net cash used in investing activities	(147,160)	(58,273)
FINANCING ACTIVITIES		
Drawdown of borrowings	2,241,617	2,388,847
Repayment of borrowings	(1,843,177)	(2,252,983)
Dividend paid	(117,636)	(127,008)
Net cash generated from financing activities	280,804	8,856
Net Change in Cash and Cash Equivalents	135,985	46,288
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	-	(1,506)
Cash and Cash Equivalents at beginning of period	239,638	194,856
Cash and Cash Equivalents at end of period	375,623	239,638
Cash and Cash Equivalents comprise :-		
Cash and bank balances	377,658	243,872
Bank overdrafts	(2,035)	(4,234)
	375,623	239,638

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2011**

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 2010. 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 2010.

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 2010 except for the adoption of the following new/revised Financial Reporting Standards ("FRS"):

Adoption to FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC Interpretations.

Amendments to FRS 132	Financial Instruments: Presentation - Classification of Rights Issues
FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Agreements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters - Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share Based Payment Transactions
Amendments to FRS 7	Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
Improvements to FRSs (2010)	

The above FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Company upon their initial application.

Malaysian Financial Reporting Standards (MFRS)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Group will be required to prepare financial statement for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the financial position as at 1 January 2012 to amounts reflecting the applicable of MFRS Framework.

The Group has started a preliminary assessment of the differences between FRS and accounting standards under the MFRS Framework and is in the process of assessing the financial effects of the differences. Accordingly, the financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different earlier if prepared under the MFRS Framework.

2. Changes in Accounting Policies (Contd.)

Malaysian Financial Reporting Standards (MFRS) (contd.)

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2010 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 fourth quarter ended 31 December 2011.

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

On 7 September 2010 and 19 January 2011, the Group raised RM400 million and RM350 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 to finance the capital expenditures, investments and working capital requirements. These RM400 million and RM350 million ICP/IMTN are unsecured, due on 7 September 2015 and 20 January 2014, and bears profit at 5.05% p.a. and 4.55% p.a.. The profits for these ICP/IMTN are repayable within 10 and 6 equal semi-annual instalments commencing on 7 March 2011 and 19 July 2011 respectively.

8. Dividends Paid

First Interim dividend of 15% taxable dividend less 25% taxation on 470,401,501 ordinary shares in respect of financial year ended 31 December 2011 amounting to RM 52,920,00 was declared on 28 August 2011 and paid on 21 October 2011.

9. Segmental Information

For management purpose, the Group is organised into business based on the products as follows:

- i. Rice
- ii. Non-rice

Management monitors the operating results of its business separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects as explained below, is measured differently from the operating profit or loss in the consolidated financial statements. Group financing (including finance costs), income taxes and segmental reporting on assets and liabilities are managed on a group basis and not allocated to operating segments.

9. Segmental Information (Contd.)

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

	Rice RM'000	Non-rice RM'000	As Per Consolidated Financial Statements RM'000
2011			
Revenue:-			
External customers	2,956,273	578,176	3,534,449
Segment profit	(a) 682,890	48,736	731,626
2010			
Revenue:-			
External customers	2,761,501	411,472	3,172,973
Segment profit	(a) 574,884	106,365	681,249

(a) The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
Other income	28,718	23,831
Staff costs	(184,266)	(190,470)
Depreciation	(41,358)	(40,802)
Other expenses	(258,886)	(233,573)
Finance cost	(56,989)	(28,324)
Share of profit of associates	28,004	33,870
	<u>(484,777)</u>	<u>(435,468)</u>

Geographical information

The activities of the Group during the current and previous financial years substantially relate to the procurement, importing, buying, processing and selling of rice, rice by-products and paddy and were predominantly conducted in Malaysia.

	Revenues		Non-current assets	
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Peninsular Malaysia	2,730,137	2,368,661	735,384	605,260
East Malaysia	804,312	804,312	80,926	81,084
	<u>3,534,449</u>	<u>3,172,973</u>	<u>816,310</u>	<u>686,344</u>

Non-current assets presented above consist the following items as presented in the consolidated statement of financial position:

	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
Property, plant and equipment	400,231	381,098
Investment in associates	321,954	242,363
Other investments	36,700	179
Intangible assets	139	139
Deferred tax assets	57,286	62,704
	<u>816,310</u>	<u>686,483</u>

Information about major customers

The Group's customers are primarily retailers and wholesale distributors.

10. Carrying Amount of Revalued Assets

There are no assets carried at valuation.

11. Significant and Subsequent Events

- a. On 10 January 2011, Subur Majubumi Sdn. Bhd. ("Subur Majubumi") and Berkak Beringin Sdn. Bhd. ("Berkak Beringin"), wholly-owned subsidiaries of the Company had entered into a Shareholders' Agreement with KNC Masyhur Sdn. Bhd. ("KNC Masyhur"). Berkak Beringin will be used as the joint venture vehicle for the purpose of carrying out the business which involves paddy procurement, drying and milling and rice processing and packaging.
- b. On 8 March 2011, the Company had signed a Memorandum of Understanding ("MOU") with Lembaga Kemajuan Pertanian Muda ("MADA"). The MOU signed to establish the principles of understanding to jointly undertake the commercial activities of Entry Point Project ("EPP") 10: Scaling up and Strengthening Productivity of Paddy Farming in MADA Area under the National Key Economic Area ("NKEA") programme with a view to enter into a joint venture agreement, shareholders' agreement and other related agreements thereto, and to negotiate the terms and conditions of the Joint Venture Agreement and the Shareholders' Agreement and other related agreements to regulate the parties' and/or their related entities' obligations in undertaking the commercial activities of EPP 10.

The MOU shall be effective for a period of 12 months from the execution date and may be extended as mutually agreed by the parties or upon the execution of the Joint Venture Agreement and the Shareholders Agreement, whichever is earlier.

- c. On 22 April 2011, the Company received a letter dated 20 April 2011 from the Public Private Partnership Unit under the Prime Minister's Department on the extension of the BERNAS Agreement dated 12 January 1996 between the Government of Malaysia and BERNAS where the Government has agreed to extend the BERNAS Agreement for a period of 10 years commencing from 11 January 2011 to 10 January 2021 subject to the term and conditions to be mutually agreed between both parties. The Government has also agreed to grant an Interim Period of six (6) months from 11 January 2011 to 10 July 2011 ("Interim Period"). On 27 September 2011, the Government has further extended the Interim Period commencing from 10 July 2011 until the finalisation of the terms and conditions of the new BERNAS Agreement and the execution thereof.
- (d) The Company had on 11 November 2011 entered into a Master Agreement with Jelapang Jati Sdn Bhd ("Jelapang Jati") and Ban Heng Bee Holdings Sdn Bhd ("BHBH") for the proposed increase of the Company's equity holding from 20% to 49% in BHBH for a total consideration of RM110.66 million which comprise of the following documents and simultaneously executed:
 - (i) A Share Swap Agreement for the disposal of the Company's entire 920,000 ordinary shares of RM1.00 each or equivalent to 40% equity interest in Serba Wangi Sdn Bhd ("Serba Wangi") to the existing Shareholder, BHBH through the allotment and issuance of 981,997 new ordinary shares of RM1.00 each to the Company in BHBH for a consideration of RM36.0 million.
 - (ii) A Share Sale Agreement for the acquisition by the Company of 409,165 ordinary shares of RM1.00 each in BHBH from Jelapang Jati for a cash consideration of RM15.0 million.
 - (iii) A Subscription Agreement for the subscription by the Company of 1,627,483 new ordinary shares of RM1.00 each in BHBH for a cash consideration of RM59.7 million.

The Proposed Equity Restructuring has been completed on 9 December 2011 and BERNAS now holds 49% equity interest in BHBH.

12. Changes in Composition of the Group

The Composition of the Group has changed since the date of the previous announcement in relation to the corporate exercise as per Note 11 (d), which now sees BERNAS holding 49% equity interest in BHBH.

13. Changes in Contingent Liabilities

- (a) 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.

13. Changes in Contingent Liabilities (Contd.)

(a) (contd.)

- (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. The matter is now fixed for hearing on 12 to 16 March 2012.

(b) 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.
- (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. Plaintiffs through their solicitors had filed an application on 7 March 2011 for leave to appeal to the Federal Court against the entire decision of the Court of Appeal given on 7 February 2011. Plaintiffs application for leave to appeal at the Federal Court has been allowed. The hearing of the appeal has been fixed by the Registry of Federal Court on 13 March 2012.

(c) 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:

13. Changes in Contingent Liabilities (Contd.)

(c) (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 Company had filed its affidavit in reply to the affidavit in support affirmed by the Plaintiffs. The 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. The case has been fixed for further case management on 26 March 2012.

There are no other changes in contingent liabilities since the last annual balance sheet as at 31 December 2010.

14. Capital Commitments

	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
Capital expenditure approved and contracted for:		
Property, plant and equipment	78,963	57,459
Capital expenditure approved but not contracted for:		
Property, plant and equipment	190,828	134,812
Investment	16,336	-
	<u>207,164</u>	<u>134,812</u>

15. Performance Review

(a) Current YTD vs. Previous YTD

The Group's revenue increased by 11% for the FYE 31 December 2011 to RM 3.5 billion as compared to RM 3.2 billion in the previous year. Rice segment contributed 84 % and non-rice contributed 16% of revenue respectively. The Group's profit after tax decreased by RM 13.6 million (7%) to RM 172.5 million as compared to the previous year. The lower profit was mainly due to the losses arising from Save More business operation which has since ceased and the increase in finance cost as compared to the previous year.

Performance of the respective operating business segments for the FYE 31 December 2011 as compared to the previous year is analysed as follows:

(i) Rice Segment

Rice sales increased by RM 137.5 million (5%) to RM 3.0 billion as compared to the previous year. This was mainly due to higher total volume sold by 10% to 1.4 million MT as compared to 1.3 million MT in the previous year. The imported rice contributed 62% of the rice volume sold.

15. Performance Review (Contd.)

(a) (contd.)

(ii) Non-Rice Segment

Non-rice sales increased by 63% mainly due to sales of paddy by consignment to SPB (Skim Pengilang Bumiputra) instead of processing fee arrangement as in the previous year.

(b) Current Quarter vs. Previous Year Corresponding Quarter

The Group's revenue for 4th Quarter increased by RM 124.4 million (14%) to RM 983.5 million as compared to the previous year corresponding period.

Performance of the respective operating business segments for the 4th Quarter ended 31 December 2011 as compared to the previous corresponding period is analysed as follows:

(i) Rice Segment

Rice sales increased by RM 54.6 million (7%) to RM 807.9 million as compared to previous year. This was contributed mainly from imported rice which had increased by 64% as compared to the previous corresponding period.

(ii) Non-Rice Segment

Non Rice sales increased by 66% mainly due to higher volume of paddy sold.

16. Comments on Material Changes in Profit Before Taxation

The Group recorded profit before tax of RM 39.5 million for the quarter ended 31 December 2011, a decrease of 6.4% as compared to the profit before tax of RM 42.2 million in the previous third quarter of 2011. This was mainly due to the losses arising from Save More business operation which has since ceased and higher operating expenditure.

17. Commentary on Prospects

Global rice market will see another year of uncertainty in 2012. Thailand plans to extend the Paddy Mortgage Scheme to July this year to support the second crop prices amidst dropped in export by 58% year on year in January 2012 as the Scheme cut into Thai exporters' competitiveness. According to the Food and Agriculture Organisation of United Nations ("FAO"), the global rice trade is expected to decline 5% in 2012 (32.8 million MT compared to 34.5 million MT in the previous year) due to falling demand in major importers such as Bangladesh, Nigeria and Philippines (due to comfortable stock and domestic supplies). Vietnam's paddy is expected to achieve 11 million MT this year (an increase 4% compared to last year). Statement by Vietnam Food Association recently that Vietnam has to keep around 1 million MT when its main harvesting season this March arrive to avoid drop in its domestic market price due to oversupply.

The Global rice trade contraction in 2012 as explained above however is not expected to push the price considerably higher than the existing level. As such, the Group expects the performance in 2012 to be satisfactory.

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. Profit Before Tax

The following amounts have been charged/(credited) in arriving at profit before tax:

	Individual Quarter		Cumulative Year To Date	
	3 months ended		12 months ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Interest income	(2,268)	(2,697)	(10,343)	(5,293)
Other income including investment income	(10,432)	(9,509)	(18,375)	(18,538)
Interest expense	12,298	9,382	53,834	27,009
Depreciation and amortisation	13,624	14,661	41,358	40,802
Provision for and write off of receivables	2,462	8,585	3,831	10,120
Provision for and write off of inventories	7,243	-	7,243	-
Impairment of assets	3,760	2,245	3,764	5,072
Unrealised foreign exchange (gain)/loss	(10,104)	(2,489)	5,159	(2,489)

20. Taxation

	As at	As at
	31/12/2011	31/12/2010
	RM'000	RM'000
Tax expense for the period:-		
- Malaysian Income Tax	55,834	52,349
- Deferred tax	18,417	7,271
	<u>74,251</u>	<u>59,620</u>

The effective tax rates of 30% for the current quarter ended 31 December 2011 is higher than the statutory tax rate of 25% applicable to the Group due to reversal of deferred tax assets which were previously credited to income statement.

21. Corporate Proposals

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

22. Borrowings and Debt Securities

	As at	As at
	31/12/11	31/12/10
	RM'000	RM'000
Short Term Borrowings:-		
Secured	5,458	7,589
Unsecured	<u>550,947</u>	<u>507,788</u>
	556,405	515,377
Long Term Borrowings		
Secured	22,105	6,211
Unsecured	<u>747,750</u>	<u>403,273</u>
	<u>769,855</u>	<u>409,484</u>
	<u>1,326,260</u>	<u>924,861</u>

All the above borrowings are denominated in Ringgit Malaysia.

23. Retained Earnings

	As at 31/12/11 RM'000	As at 31/12/10 RM'000
Total retained earnings of the Company and subsidiaries:-		
- Realised	578,619	442,666
- Unrealised	24,629	45,535
	<u>603,248</u>	<u>488,201</u>
Total share of retained earnings from associated companies:-		
- Realised	104,345	130,160
- Unrealised	(10,033)	(7,727)
	<u>697,560</u>	<u>610,634</u>
Less: Consolidation adjustments	(78,487)	(40,821)
Total group retained	<u>619,073</u>	<u>569,813</u>

24. Changes in Material Litigation

As at 31 December 2011, there were no changes in material litigation, including status of pending material litigation since the last annual balance sheet date of 31 December 2010 other than as disclosed in Note 13.

25. Dividend Payable

There is no dividend payable for the current quarter.

26. 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 31/12/11	As at 31/12/10
Net profit for the period (RM'000)	165,685	177,538
Weighted average number of ordinary shares in issue ('000)	<u>470,402</u>	<u>470,402</u>
Basic earnings per share (sen)	<u>35.22</u>	<u>37.74</u>

27. 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 23 February 2012.

BY ORDER OF THE BOARD

NASLIZA MOHD NASIR
COMPANY SECRETARY
PADIBERAS NASIONAL BERHAD