

PADIBERAS NASIONAL BERHAD
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

	Individual Quarter		Cumulative Year To Date	
	3 months ended		6 months ended	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	937,574	832,402	1,831,362	1,656,242
Other income	5,126	7,153	9,432	11,100
Changes in inventory of finished goods and work in progress	(219,544)	117,042	127,500	263,706
Raw materials and consumables	(567,647)	(745,665)	(1,640,012)	(1,523,474)
Staff costs	(39,028)	(47,786)	(77,390)	(96,498)
Depreciation of property, plant and equipment	(8,001)	(8,993)	(16,574)	(18,495)
Other operating expenses	(56,397)	(59,880)	(121,852)	(117,522)
Finance costs	(14,711)	(14,452)	(29,398)	(27,017)
Share of profit of associates	5,891	8,778	9,829	17,098
Profit before tax	43,263	88,599	92,897	165,140
Income tax expense	(16,570)	(24,275)	(26,642)	(44,546)
Profit for the period	26,693	64,324	66,255	120,594
Attributable to :				
Equity holders of the parent	25,122	63,508	62,702	118,831
Non-controlling interests	1,571	816	3,553	1,763
	26,693	64,324	66,255	120,594
Earnings per share (sen)				
(i) Basic (based on 470,402,000 ordinary shares (2010: 470,402,000 ordinary shares) (sen))	5.34	13.50	13.33	25.26

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NASIONAL BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

	Individual Quarter		Cumulative Year To Date	
	3 months ended		6 months ended	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period	26,693	64,324	66,255	120,594
(Loss)/profit on fair value changes of available-for-sales investments	(9)	-	6	-
Total comprehensive income for the period	26,684	64,324	66,261	120,594
Attributable to :				
Equity holders of the parent	25,113	63,508	62,708	118,831
Non-controlling interests	1,571	816	3,553	1,763
	26,684	64,324	66,261	120,594

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NASIONAL BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

ASSETS	As at 30/06/2012 RM'000	Audited as at 31/12/2011 RM'000	Audited as at 1/1/2011 RM'000
Non-current assets			
Property, plant and equipment	420,030	392,822	381,098
Investment in associated companies	328,396	320,672	242,363
Other investments	44,768	36,462	-
Intangible assets	139	139	139
Deferred tax assets	39,867	47,089	62,704
	<u>833,200</u>	<u>797,184</u>	<u>686,304</u>
Current assets			
Tax recoverable	21,284	15,825	1,916
Inventories	894,378	766,878	583,877
Trade and other receivables	890,557	827,385	865,685
Amount owing from associated companies	26,074	46,470	20,479
Cash and bank balances	233,930	378,503	243,872
	<u>2,066,223</u>	<u>2,035,061</u>	<u>1,715,829</u>
TOTAL ASSETS	<u>2,899,423</u>	<u>2,832,245</u>	<u>2,402,133</u>
Current liabilities			
Retirement benefit obligations	4,422	5,543	4,428
Short term borrowings	631,217	556,648	515,377
Trade and other payables	194,442	211,399	223,566
Amount owing to associated companies	1,018	657	304
Dividend payable	17,640	-	-
Tax payable	1,484	3,762	20,825
	<u>850,223</u>	<u>778,009</u>	<u>764,500</u>
Net Current Assets	<u>1,216,000</u>	<u>1,257,052</u>	<u>951,329</u>
Non-current liabilities			
Retirement benefit obligations	68,623	67,647	65,989
Long term borrowings	767,587	769,869	409,484
Deferred tax liabilities	20,632	19,965	19,604
	<u>856,842</u>	<u>857,481</u>	<u>495,077</u>
Total liabilities	<u>1,707,065</u>	<u>1,635,490</u>	<u>1,259,577</u>
Net Assets	<u>1,192,358</u>	<u>1,196,755</u>	<u>1,142,556</u>
Equity attributable to equity holders of the Company			
Share capital	470,402	470,402	470,402
Reserves	629,289	637,141	588,514
	<u>1,099,691</u>	<u>1,107,543</u>	<u>1,058,916</u>
Non-controlling interests	92,667	89,212	83,640
Total equity	<u>1,192,358</u>	<u>1,196,755</u>	<u>1,142,556</u>
TOTAL EQUITY AND LIABILITIES	<u>2,899,423</u>	<u>2,832,245</u>	<u>2,402,133</u>
Net assets per share (RM)	<u>2.34</u>	<u>2.35</u>	<u>2.25</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NASIONAL BERHAD
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Distributable retained profits RM'000	Non- distributable reserves, total RM'000	<-----Non-distributable reserves----->					Non- controlling 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 (restated)	1,142,556	1,058,916	470,402	566,045	22,469	7,085	2,864	12,520	-	-	83,640
Total comprehensive income for the period	120,594	118,831	-	118,831	-	-	-	-	-	-	1,763
Transactions with owners											
Dividend	(63,872)	(63,505)	-	(63,505)	-	-	-	-	-	-	(367)
At 30 June 2011	1,199,278	1,114,242	470,402	621,371	22,469	7,085	2,864	12,520	-	-	85,036

	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Distributable retained profits RM'000	Non- distributable reserves, total RM'000	<-----Non-distributable reserves----->					Non- controlling 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 2012 (restated)	1,196,755	1,107,543	470,402	614,194	22,947	7,085	2,864	12,520	(11)	489	89,212
Total comprehensive income for the period	66,261	62,708	-	62,702	6	-	-	-	6	-	3,553
Transactions with owners											
Dividend	(70,658)	(70,560)	-	(70,560)	-	-	-	-	-	-	(98)
At 30 June 2012	1,192,358	1,099,691	470,402	606,336	22,953	7,085	2,864	12,520	(5)	489	92,667

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

PADIBERAS NASIONAL BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

	Quarter ended 30/06/2012 RM '000	Quarter ended 30/06/2011 RM '000
OPERATING ACTIVITIES		
Profit before tax	92,897	165,140
Adjustments for:		
Depreciation of property, plant and equipment	16,574	18,495
(Profit)/loss on disposal of property, plant and equipment	(75)	633
Property, plant and equipment written off	154	107
(Writeback)/impairment loss on receivables	(8,669)	815
Provision for retirement benefits	3,974	3,973
Interest expense	28,425	27,017
Interest income	(3,125)	(5,497)
Share of results from associates	(9,829)	(17,098)
Unrealised gain/(loss) in foreign exchange	8,901	(1,145)
Operating profit before working capital changes	<u>129,227</u>	<u>192,440</u>
Increase in receivables	(34,107)	(131,800)
Increase in inventories	(127,500)	(261,337)
(Decrease)/increase in payables	<u>(16,697)</u>	<u>13,757</u>
Cash used in operations	(49,077)	(186,940)
Interest paid	(28,425)	(27,017)
Retirement benefits paid	(4,119)	(2,609)
Income tax paid	(26,490)	(14,317)
Interest income received	3,125	5,497
Net cash used in operating activities	<u>(104,986)</u>	<u>(225,386)</u>
INVESTING ACTIVITIES		
Addition to other investments	(8,300)	-
Dividend received from associates	2,105	14,815
Purchase of property, plant and equipment	(43,984)	(30,793)
Proceeds from disposal of property, plant and equipment	126	160
Net cash used in investing activities	<u>(50,053)</u>	<u>(15,818)</u>
FINANCING ACTIVITIES		
Drawdown of borrowings	948,758	1,300,480
Repayment of borrowings	(887,116)	(745,512)
Dividend paid	(52,920)	(63,871)
Net cash generated from financing activities	<u>8,722</u>	<u>491,097</u>
Net Change in Cash and Cash Equivalents	(146,317)	249,893
Cash and Cash Equivalents at beginning of period	376,468	239,638
Cash and Cash Equivalents at end of period	<u>230,151</u>	<u>489,531</u>
Cash and Cash Equivalents comprise :-		
Cash and bank balances	233,930	490,013
Bank overdrafts	(3,779)	(482)
	<u>230,151</u>	<u>489,531</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2012**

1. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with the requirements of MFRS 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standard Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 : First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

These explanatory notes attached to these condensed consolidated 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 2011.

The date of transition to the MFRS Framework is 1 January 2011. The transition from FRS to MFRS has not had material impact on the financial position, financial performance and cash flows of the Group and the Company.

2. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(a) Foreign exchange reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign exchange reserves for all foreign operations are deemed to be nil as at the date of translation to MFRS.

Accordingly, at date of translation to MFRS, the cumulative foreign currency translation differences of RM3.77 million (30 June 2011: RM3.77 million; 31 December 2011: RM3.77 million) were adjusted to retained profits.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to these reported periods and at the date of transition under MFRS are provided below:

Reconciliation of equity as at 1 January 2011

RM'000	FRS as at 01.01.2011	Reclassification	MFRS as at 01.01.2011
Equity			
Foreign exchange reserve	(3,768)	3,768	-
Retained profits	569,813	(3,768)	566,045

Reconciliation of equity as at 30 June 2011

RM'000	FRS as at 30.06.2011	Reclassification	MFRS as at 30.06.2011
Equity			
Foreign exchange reserve	(3,768)	3,768	-
Retained profits	625,139	(3,768)	621,371

Reconciliation of equity as at 31 December 2011

RM'000	FRS as at 31.12.2011	Reclassification	MFRS as at 31.12.2011
Equity			
Foreign exchange reserve	(3,279)	3,768	489
Retained profits	617,962	(3,768)	614,194

2. Significant accounting policies and application of MFRS 1 (Contd.)

MFRS, Amendments to MFRS and IC Interpretation but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretation were issued but not yet effective and have not been applied by the Group:

<u>MFRS, Amendments to MFRS and IC Interpretation but not yet effective</u>		<u>Effective for annual period beginning on or after</u>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2011 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 first quarter ended 30 June 2012.

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

Second 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 24 April 2012 and paid on 1 June 2012.

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 the period ended 30 June 2012			As Per
	Rice	Non-rice	Consolidated
	RM'000	RM'000	Financial
			Statements
			RM'000
Revenue:-			
External customers	1,573,752	257,610	1,831,362
Segment profit	(a) 298,575	20,275	318,850
For the period ended 30 June 2011			
Revenue:-			
External customers	1,387,915	268,327	1,656,242
Segment profit	(a) 370,661	25,813	396,474

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

	Quarter ended	Quarter ended
	30/06/2012	30/06/2011
	RM'000	RM'000
Other income	9,432	11,100
Staff costs	(77,390)	(96,498)
Depreciation	(16,574)	(18,495)
Other expenses	(121,852)	(117,522)
Finance costs	(29,398)	(27,017)
Share of profit of associates	9,829	17,098
	<u>(225,953)</u>	<u>(231,334)</u>

Geographical information

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

	Revenues for the current		Non-current assets as at	
	quarter ended		30/06/2012	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Peninsular Malaysia	1,410,613	1,261,263	753,206	611,590
East Malaysia	420,749	394,979	79,994	80,135
	<u>1,831,362</u>	<u>1,656,242</u>	<u>833,200</u>	<u>691,725</u>

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

	As at	As at
	30/06/2012	30/06/2011
	RM'000	RM'000
Property, plant and equipment	420,030	392,496
Investment in associates	328,396	245,254
Other investments	44,768	-
Intangible assets	139	139
Deferred tax assets	39,867	53,836
	<u>833,200</u>	<u>691,725</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

There was no significant event in the current quarter.

12. Changes in Composition of the Group

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

13. Changes in Contingent Liabilities

The Group has no contingent liability or contingent assets as at 30 June 2012, other than the followings:

(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.
- (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 went for hearing from 13th to 16th March 2012. The matter came up for decision on 30th April 2012 and the Learned High Court Judge dismissed the Plaintiffs' claim with no order as to cost. The Plaintiffs' had on 29 May 2012 filed Notice of Appeal to the Court of Appeal against the High Court's decision in dismissing their claims against the Company. No hearing date has been fixed by the Court.

(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.

13. Changes in Contingent Liabilities (Contd.)

(b) (contd.)

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. Matter came up for decision on 16 July 2012 wherein the Federal Court dismissed the Plaintiffs' appeal.

(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:

(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 mention on 6 September 2012 for the Plaintiffs to confirm if they wish to continue/withdraw the civil suit.

No provision was made in the financial statements of the Group and of the Company as at 31 December 2011 for the matters set out in Notes (a), (b) and (c) above as the Board, after due consultation with the Company's solicitors, believe that the Company has a reasonable prospect of success against the Plaintiffs' claim.

14. Capital Commitments

	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Capital expenditure approved and contracted for:		
Property, plant and equipment	113,969	67,957
Capital expenditure approved but not contracted for:		
Property, plant and equipment	41,816	190,828
Investment	50,000	93,500
	<u>91,816</u>	<u>284,328</u>

14. Capital Commitments (Contd.)

	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Share of capital commitments of associated companies:		
Approved and contracted for:		
Property, plant and equipment	<u>8,121</u>	<u>6,094</u>
Approved but not contracted for:		
Property, plant and equipment	<u>1,600</u>	<u>6,285</u>

15. Performance Review

(a) Current YTD vs. Previous YTD

The Group's revenue increased by 10.2% for the period ended 30 June 2012 to RM 1.83 billion as compared to RM 1.66 billion for the period ended 30 June 2011 due to increase in volume sold. Rice segment contributed 86% and non-rice contributed 14% of revenue respectively.

The Group's profit after tax (PAT) was RM 66.3 million, a decrease of 45% from RM 120.6 million in the previous year. The lower profit was mainly due to higher cost of imported rice sold and operating cost this year.

Performance of the respective operating business segments for the period ended 30 June 2012 as compared to the previous corresponding period is analysed as follows:

(i) Rice Segment

Rice sales increased by RM 186 million to RM 1.6 billion as compared to the previous period. This was mainly due to higher volume sold by 8.5% from 668,538 MT in the previous period to 725,428 MT this period. The imported rice contributed 63% of the rice volume sold.

(ii) Non-Rice Segment

Non-rice sales had decreased by 4% mainly due to lower sales of paddy to Skim Pengilang Bumiputra (SPB) as compared to the previous corresponding period.

16. Comments on Material Changes in Profit Before Taxation

The Group recorded profit before tax of RM 43.3 million for the quarter ended 30 June 2012, a decrease of 13% as compared to the profit before tax of RM 49.6 million in the first quarter of 2012. This was due to higher cost of imported rice sold.

17. Commentary on Prospects

In Q2 2012, global rice fundamentals remained mostly bearish as global supplies continue to exceed demand. Rice supplies in Asia remain plentiful after years of bumper crops and high global carry over stocks. According to USDA, global rice in 2011/12 (June 2012) was 464 million MT and global consumption was 458 million MT resulting in the global ending stocks rising by 5.6 million to 104 million MT.

On the financial front, the Euro zone debt crisis, strengthening of the US Dollar and the weakened Indian Rupee were helping to increase Indian exports and continue to weaken the market sentiment. However, Thailand's mortgage scheme and aggressive build up of Thai Government stockpiles resulting in lower volume of rice available to the market provides underlying support to the current rice prices.

On the weather front, concerns about the drought in the US, the less ideal Indian Southwest monsoon and the possibility of El-Nino expected in September 2012 could influence the market towards the end of 2012.

In spite of the above scenario, the Group's performance is expected to be satisfactory 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. 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		6 months ended	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Interest income	(1,686)	(3,943)	(3,125)	(5,497)
Other income including investment income	(3,440)	(3,210)	(6,307)	(5,603)
Interest expense	13,945	14,452	28,425	27,017
Depreciation and amortisation	8,001	(8,993)	16,574	(18,495)
Provision for and write off of receivables	(9,102)	410	(8,669)	815
Provision for and write off of inventories	-	-	-	-
(Profit)/loss on disposal of property, plant and equipment	(75)	(188)	(75)	633
Gains on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets	-	-	-	-
Unrealised foreign exchange loss/(gain)	15,091	6,468	8,901	(1,145)
Fair value loss on derivative instruments	-	-	-	-
Exceptional items	-	-	-	-

20. Taxation

	Individual Quarter		Cumulative Year To Date	
	3 months ended		6 months ended	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period:-				
- Malaysian Income Tax	13,566	12,564	18,753	23,763
- Deferred tax	3,004	11,711	7,889	20,783
	<u>16,570</u>	<u>24,275</u>	<u>26,642</u>	<u>44,546</u>

The effective tax rates of 29% for the current quarter ended 30 June 2012 is higher than the statutory tax rate of 25% applicable to the Group due to non allowable expenses for the quarter.

21. Corporate Proposals

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

22. Borrowings and Debt Securities

	As at	As at
	30/06/12	30/06/11
	RM'000	RM'000
Short Term Borrowings:-		
Secured	9,323	5,553
Unsecured	621,894	698,137
	<u>631,217</u>	<u>703,690</u>
Long Term Borrowings		
Secured	19,420	23,908
Unsecured	748,167	747,333
	<u>767,587</u>	<u>771,241</u>
	<u>1,398,804</u>	<u>1,474,931</u>

All the above borrowings are denominated in Ringgit Malaysia.

23. Retained Earnings

	As at 30/06/12 RM'000	As at 30/06/11 RM'000
Total retained profits of the Company and subsidiaries:-		
- Realised	569,982	501,321
- Unrealised	11,383	21,340
	<u>581,365</u>	<u>522,661</u>
Total share of retained profits from associated companies:-		
- Realised	112,614	148,014
- Unrealised	(9,755)	(8,483)
	<u>684,224</u>	<u>662,192</u>
Less: Consolidation adjustments	(77,888)	(40,821)
Total group retained profits	<u>606,336</u>	<u>621,371</u>

24. Changes in Material Litigation

As at 30 June 2012, there were no changes in material litigation, including status of pending material litigation since the last annual balance sheet date of 31 December 2011 other than as disclosed in Note 13.

25. Dividend Payable

Final Interim dividend in respect of the financial year ended 31 December 2011 of 5% taxable dividend less 25% taxation on 470,401,501 ordinary shares, amounting to a dividend payable of RM 17,640,00 has been declared on 25 May 2012 and paid on 13 July 2012.

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 30/06/12	As at 30/06/11
Net profit for the period (RM'000)	62,702	118,831
Weighted average number of ordinary shares in issue ('000)	<u>470,402</u>	<u>470,402</u>
Basic earnings per share (sen)	<u>13.33</u>	<u>25.26</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 17 August 2012.

BY ORDER OF THE BOARD

NASLIZA MOHD NASIR
COMPANY SECRETARY
PADIBERAS NASIONAL BERHAD