

PADIBERAS NASIONAL BERHAD
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2012

	Individual Quarter		Cumulative Year To Date	
	3 months ended		9 months ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	887,486	894,663	2,718,848	2,550,905
Other income	4,732	4,918	14,164	16,018
Changes in inventory of finished goods and work in progress	71,115	22,787	198,615	286,493
Raw materials and consumables	(803,506)	(771,724)	(2,443,518)	(2,295,198)
Staff costs	(42,255)	(28,877)	(119,645)	(125,375)
Depreciation of property, plant and equipment	(8,251)	(9,239)	(24,825)	(27,734)
Other operating expenses	(73,360)	(59,698)	(195,212)	(177,220)
Finance costs	(14,333)	(14,519)	(43,731)	(41,536)
Share of profit of associates	4,003	3,894	13,832	20,992
Profit before tax	25,631	42,205	118,528	207,345
Income tax expense	(4,474)	(12,097)	(31,116)	(56,643)
Profit for the period	21,157	30,108	87,412	150,702
Attributable to :				
Equity holders of the parent	18,650	28,599	81,352	147,430
Non-controlling interests	2,507	1,509	6,060	3,272
	21,157	30,108	87,412	150,702
Earnings per share (sen)				
(i) Basic (based on 470,402,000 ordinary shares (2011: 470,402,000 ordinary shares) (sen))	3.96	6.08	17.29	31.34

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 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2012

	Individual Quarter		Cumulative Year To Date	
	3 months ended		9 months ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period	21,157	30,108	87,412	150,702
Profit on fair value changes of available-for-sales investments	9	-	15	-
Total comprehensive income for the period	<u>21,166</u>	<u>30,108</u>	<u>87,427</u>	<u>150,702</u>
Attributable to :				
Equity holders of the parent	18,659	28,599	81,367	147,430
Non-controlling interests	<u>2,507</u>	<u>1,509</u>	<u>6,060</u>	<u>3,272</u>
	<u>21,166</u>	<u>30,108</u>	<u>87,427</u>	<u>150,702</u>

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 SEPTEMBER 2012

	As at 30/09/2012	As at 31/12/2011 (Restated)	As at 1/1/2011 (Restated)
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	451,258	421,760	410,036
Investment in associated companies	331,344	320,672	242,363
Other investments	42,766	36,462	-
Intangible assets	139	139	139
Deferred tax assets	54,706	55,731	71,346
	<u>880,213</u>	<u>834,764</u>	<u>723,884</u>
Current assets			
Tax recoverable	19,011	15,825	1,916
Inventories	965,493	766,878	583,877
Trade and other receivables	976,495	827,385	865,685
Amount owing from associated companies	19,925	46,470	20,479
Cash and bank balances	193,205	378,503	243,872
	<u>2,174,129</u>	<u>2,035,061</u>	<u>1,715,829</u>
TOTAL ASSETS	<u>3,054,342</u>	<u>2,869,825</u>	<u>2,439,713</u>
Current liabilities			
Retirement benefit obligations	6,239	5,543	4,428
Short term borrowings	695,332	556,648	515,377
Trade and other payables	238,286	211,399	223,566
Amount owing to associated companies	321	657	304
Tax payable	3,814	3,762	20,825
	<u>943,992</u>	<u>778,009</u>	<u>764,500</u>
Net Current Assets	<u>1,230,137</u>	<u>1,257,052</u>	<u>951,329</u>
Non-current liabilities			
Retirement benefit obligations	103,657	102,218	100,560
Long term borrowings	771,426	769,869	409,484
Deferred tax liabilities	20,672	19,965	19,604
	<u>895,755</u>	<u>892,052</u>	<u>529,648</u>
Total liabilities	<u>1,839,747</u>	<u>1,670,061</u>	<u>1,294,148</u>
Net Assets	<u>1,214,595</u>	<u>1,199,764</u>	<u>1,145,565</u>
Equity attributable to equity holders of the Company			
Share capital	470,402	470,402	470,402
Reserves	650,957	640,150	591,523
	<u>1,121,359</u>	<u>1,110,552</u>	<u>1,061,925</u>
Non-controlling interests	93,236	89,212	83,640
Total equity	<u>1,214,595</u>	<u>1,199,764</u>	<u>1,145,565</u>
TOTAL EQUITY AND LIABILITIES	<u>3,054,342</u>	<u>2,869,825</u>	<u>2,439,713</u>
Net assets per share (RM)	<u>2.38</u>	<u>2.34</u>	<u>2.24</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 9 MONTHS PERIOD ENDED 30 SEPTEMBER 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)	1,145,565	1,061,925	470,402	569,054	22,469	7,085	2,864	12,520	-	-	83,640
Total comprehensive income for the period	150,702	147,430	-	147,430	-	-	-	-	-	-	3,272
Transactions with owners											
Dividend	(117,342)	(116,424)	-	(116,424)	-	-	-	-	-	-	(918)
At 30 September 2011	1,178,925	1,092,931	470,402	600,060	22,469	7,085	2,864	12,520	-	-	85,994

	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)	1,199,764	1,110,552	470,402	617,203	22,947	7,085	2,864	12,520	(11)	489	89,212
Total comprehensive income for the period	87,427	81,367	-	81,352	15	-	-	-	15	-	6,060
Transactions with owners											
Dividend	(72,596)	(70,560)	-	(70,560)	-	-	-	-	-	-	(2,036)
At 30 September 2012	1,214,595	1,121,359	470,402	627,995	22,962	7,085	2,864	12,520	4	489	93,236

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 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2012

	Quarter ended 30/09/2012 RM '000	Quarter ended 30/09/2011 RM '000
OPERATING ACTIVITIES		
Profit before tax	118,528	207,345
Adjustments for:		
Depreciation of property, plant and equipment	24,825	27,734
(Profit)/loss on disposal of property, plant and equipment	(102)	598
Property, plant and equipment written off	166	107
(Writeback)/impairment loss on receivables	(11,423)	1,369
Provision for retirement benefits	9,065	5,959
Interest expense	43,117	41,536
Interest income	(4,220)	(8,075)
Share of results from associates	(13,832)	(20,992)
Unrealised (gain)/loss in foreign exchange	(2,019)	15,344
Operating profit before working capital changes	<u>164,105</u>	<u>270,925</u>
Increase in receivables	(111,142)	(266,128)
Increase in inventories	(198,615)	(284,124)
Increase in payables	<u>24,515</u>	<u>18,929</u>
Cash used in operations	(121,137)	(260,398)
Interest paid	(43,117)	(41,536)
Retirement benefits paid	(6,930)	(4,769)
Income tax paid	(32,518)	(54,045)
Interest income received	<u>4,220</u>	<u>8,075</u>
Net cash used in operating activities	<u>(199,482)</u>	<u>(352,673)</u>
INVESTING ACTIVITIES		
Addition to other investments	(6,289)	-
Dividend received from associates	3,160	14,815
Purchase of property, plant and equipment	(54,554)	(49,048)
Proceeds from disposal of property, plant and equipment	<u>167</u>	<u>198</u>
Net cash used in investing activities	<u>(57,516)</u>	<u>(34,035)</u>
FINANCING ACTIVITIES		
Drawdown of borrowings	1,522,714	1,828,263
Repayment of borrowings	(1,383,874)	(1,175,115)
Dividend paid	<u>(70,560)</u>	<u>(117,342)</u>
Net cash generated from financing activities	<u>68,280</u>	<u>535,806</u>
Net Change in Cash and Cash Equivalents	(188,718)	149,098
Cash and Cash Equivalents at beginning of period	<u>376,468</u>	<u>239,638</u>
Cash and Cash Equivalents at end of period	<u><u>187,750</u></u>	<u><u>388,736</u></u>
Cash and Cash Equivalents comprise :-		
Cash and bank balances	193,205	388,736
Bank overdrafts	<u>(5,455)</u>	<u>-</u>
	<u><u>187,750</u></u>	<u><u>388,736</u></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.

PADIBERAS NASIONAL BERHAD (Company No. 295514 U)
(Incorporated in Malaysia)

**NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

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

These condensed consolidated interim financial statements, for the period ended 30 September 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 September 2011: RM3.77 million; 31 December 2011: RM3.77 million) were adjusted to retained profits.

(b) Property, plant and equipment

The Group has previously adopted cost model to measure its Property, Plant and Equipment under FRS.

Upon transition to MFRS, the Group has elected to still maintain the measurement of its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard fair value of certain freehold land at date of transition as their deemed cost at that date. An upward adjustment of RM28.94 million (30 September 2011: RM28.94 million; 31 December 2011: RM28.94 million) was recognised in property, plant and equipment carrying values. The corresponding adjustment was recognised against retained profits.

(c) Employee benefits

Upon transition to MFRS, the Group has elected to recognise all cumulative actuarial gains and losses at the date of transition. Accordingly, the cumulative actuarial losses of RM34.6 million were adjusted to retained profits as at 1 January 2011.

Under FRS, actuarial gains and losses outside a pre-determined ranged (referred to as the corridor) are recognised in profit or loss in future periods over the expected average remaining working lives of the employees participating in the plan. Actuarial gains and losses within the corridor need not be recognised although the entity may choose to recognise it.

MFRS 1 provides the optional exemption to recognise all cumulative actuarial gains and losses at the date of transition. Accordingly, at the date of transition to MFRS, the cumulative actuarial losses after tax of RM25.9 million (30 September 2011: RM25.9 million; 31 December 2011: RM25.9 million) were adjusted to retained profits.

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

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	Foreign exchange reserve	Property, plant and equipment	Retirement benefits	MFRS as at 01.01.2011
Non-current assets					
Property, plant and equipment	381,098	-	28,938	-	410,036
Deferred tax assets	62,704	-	-	8,642	71,346
Equity					
Foreign exchange reserve	(3,768)	3,768	-	-	-
Retained profits	569,813	(3,768)	28,938	(25,929)	569,054
Non-current liabilities					
Retirement benefits obligations	65,989	-	-	34,571	100,560

Reconciliation of equity as at 30 September 2011

RM'000	FRS as at 30.09.2011	Foreign exchange reserve	Property, plant and equipment	Retirement benefits	MFRS as at 30.09.2011
Assets					
Property, plant and equipment	401,509	-	28,938	-	430,447
Deferred tax assets	52,447	-	-	8,642	61,089
Equity					
Foreign exchange reserve	(3,768)	3,768	-	-	-
Retained profits	600,819	(3,768)	28,938	(25,929)	600,060
Non-current liabilities					
Retirement benefits obligations	66,644	-	-	34,571	101,215

Reconciliation of equity as at 31 December 2011

RM'000	FRS as at 31.12.2011	Foreign exchange reserve	Property, plant and equipment	Retirement benefits	MFRS as at 31.12.2011
Assets					
Property, plant and equipment	392,822	-	28,938	-	421,760
Deferred tax assets	47,089	-	-	8,642	55,731
Equity					
Foreign exchange reserve	(3,279)	3,768	-	-	489
Retained profits	617,962	(3,768)	28,938	(25,929)	617,203
Non-current liabilities					
Retirement benefits obligations	67,647	-	-	34,571	102,218

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>Effective for annual period beginning on or after</u>
MFRS 3	Business Combinations	1 January 2013
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 1	Government Loans	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRSs Contained in the document entitled "Annual Improvements 2009-2011 Cycle"		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 third quarter ended 30 September 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

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

	Rice RM'000	Non-rice RM'000	As Per Consolidated Financial Statements RM'000
For the period ended 30 September 2012			
Revenue:-			
External customers	2,346,103	372,745	2,718,848
Segment profit	(a) 441,931	32,014	473,945
For the period ended 30 September 2011			
Revenue:-			
External customers	2,148,334	402,571	2,550,905
Segment profit	(a) 502,073	40,127	542,200

(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 30/09/2012 RM'000	Quarter ended 30/09/2011 RM'000
Other income	14,164	16,018
Staff costs	(119,645)	(125,375)
Depreciation	(24,825)	(27,734)
Other expenses	(195,212)	(177,220)
Finance costs	(43,731)	(41,536)
Share of profit of associates	13,832	20,992
	<u>(355,417)</u>	<u>(334,855)</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 quarter ended		Non-current assets as at	
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Peninsular Malaysia	2,094,418	1,956,742	801,350	629,666
East Malaysia	624,430	594,163	78,863	82,219
	<u>2,718,848</u>	<u>2,550,905</u>	<u>880,213</u>	<u>711,885</u>

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

	As at 30/09/2012 RM'000	As at 30/09/2011 RM'000
Property, plant and equipment	451,258	401,509
Investment in associates	331,344	249,148
Other investments	42,766	-
Intangible assets	139	139
Deferred tax assets	54,706	61,089
	<u>880,213</u>	<u>711,885</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

On 18 September 2012, the Company entered into an agreement ("BERNAS Agreement") with the Government of Malaysia ("the Government") for the extension of the BERNAS Agreement for a further period of ten (10) years commencing from 11 January 2011 to 10 January 2021 ("Expiry Date") subject to the terms and conditions contained therein.

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 September 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 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.

13. Changes in Contingent Liabilities (Contd.)

(b) (contd.)

- (iii) Interest at the rate of 8% per annum from 1 January 2004 to the date of payment as ordered by the Court.
- (iv) Such further orders, directions or relief that the Court deems fit and appropriate.
- (v) Costs to be paid by the Company to the Plaintiffs.

The 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 15 December 2010 for case management. The case has now been fixed for hearing on 6 December 2012.

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 30/09/2012 RM'000	As at 30/09/2011 RM'000
Capital expenditure approved and contracted for:		
Property, plant and equipment	105,251	78,963
Capital expenditure approved but not contracted for:		
Property, plant and equipment	40,960	190,828
Investment	50,000	93,500
	<u>90,960</u>	<u>284,328</u>
Share of capital commitments of associated companies:		
Approved and contracted for:		
Property, plant and equipment	5,715	7,359
Approved but not contracted for:		
Property, plant and equipment	2,109	4,824

15. Performance Review

Current YTD vs. Previous YTD

The Group's revenue increased by 7% for the period ended 30 September 2012 to RM2.72 billion as compared to RM2.55 billion for the period ended 30 September 2011 due to increase in volume of rice sold. Rice segment contributed 86% and non-rice contributed 14% of revenue respectively.

The Group's profit after tax (PAT) was RM87.4 million, a decrease of 42% from RM150.7 million in the previous corresponding period. The lower profit was mainly due to higher cost of imported rice sold.

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

(i) Rice Segment

Rice sales increased by RM198 million (9%) to RM2.35 billion as compared to the previous corresponding period. This was mainly due to higher total volume of rice sold by 7% to 1.09 million metric tonne as compared to 1.02 million metric tonne in the previous year. The imported rice contributed 62% of the rice volume sold.

(ii) Non-Rice Segment

Non-rice sales had decreased by 7% 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 revenue during the quarter ended 30 September 2012 had reduced by 5% from RM937.6 million to RM887.5 million as compared to the previous quarter. This was mainly due to lower non-rice sales by 19% to RM115.1 million.

The Group recorded profit before tax of RM25.6 million for the quarter ended 30 September 2012, a decrease of 41% as compared to the profit before tax of RM43.3 million in the second quarter of 2012. This was due to higher operating cost.

17. Commentary on Prospects

In Q3 2012, global rice fundamentals remained weak as global supplies continue to exceed demand as rice supplies in India, Thailand and Vietnam were in abundance. According to USDA, global rice production in 2011/2012 (September 2012) was 465 million MT and global consumption was 458 million MT resulting in the global ending stocks rising by 7 million to 106 million MT.

On the weather front, despite still being a pertinent risk factor, a milder El-Nino has since been forecasted, and thus will be of a lesser influence to the market towards the end of 2012. This scenario has contributed to rice prices being weaker until end of this year.

As such, 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 non-controlling 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		9 months ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Interest income	(1,095)	(2,578)	(4,220)	(8,075)
Other income including investment income	(3,637)	(2,340)	(9,944)	(7,943)
Interest expense	14,692	14,519	43,117	41,536
Depreciation and amortisation	8,251	9,239	24,825	27,734
Provision for and write off of receivables	(2,754)	554	(11,423)	1,369
Provision for and write off of inventories	-	-	-	-
(Profit)/loss on disposal of property, plant and equipment	(27)	(35)	(102)	598
Gains on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of property, plant and equipment	166	107	166	107
Unrealised foreign exchange (gain)/loss	(10,920)	16,489	(2,019)	15,344
Fair value loss on derivative instruments	N/A	N/A	N/A	N/A
Exceptional items	N/A	N/A	N/A	N/A

20. Taxation

	Individual Quarter		Cumulative Year To Date	
	3 months ended		9 months ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period:-				
- Malaysian Income Tax	10,630	10,205	29,383	33,968
- Deferred tax	(6,156)	1,892	1,733	22,675
	4,474	12,097	31,116	56,643

The lower effective tax rate for the quarter is mainly due to utilisation of deferred tax assets.

21. Corporate Proposals

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

22. Borrowings and Debt Securities

	As at 30/09/12 RM'000	As at 30/09/11 RM'000
Short Term Borrowings:-		
Secured	11,662	5,509
Unsecured	683,670	813,468
	<u>695,332</u>	<u>818,977</u>
Long Term Borrowings		
Secured	23,050	22,599
Unsecured	748,376	747,542
	<u>771,426</u>	<u>770,141</u>
	<u>1,466,758</u>	<u>1,589,118</u>

All the above borrowings are denominated in Ringgit Malaysia.

23. Retained Earnings

	As at 30/09/12 RM'000	As at 30/09/11 RM'000
Total retained profits of the Company and subsidiaries:-		
- Realised	566,128	520,316
- Unrealised	36,053	29,013
	<u>602,181</u>	<u>549,329</u>
Total share of retained profits from associated companies:-		
- Realised	113,646	138,328
- Unrealised	(9,944)	(9,110)
	<u>705,883</u>	<u>678,547</u>
Less: Consolidation adjustments	<u>(77,888)</u>	<u>(78,487)</u>
Total group retained profits	<u>627,995</u>	<u>600,060</u>

24. Changes in Material Litigation

As at 30 September 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

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 30/09/12	As at 30/09/11
Net profit for the period (RM'000)	81,352	147,430
Weighted average number of ordinary shares in issue ('000)	<u>470,402</u>	<u>470,402</u>
Basic earnings per share (sen)	<u>17.29</u>	<u>31.34</u>

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 November 2012.

BY ORDER OF THE BOARD

NASLIZA MOHD NASIR
COMPANY SECRETARY
PADIBERAS NASIONAL BERHAD