

**PADIBERAS NASIONAL BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2012**

	Individual Quarter		Cumulative Year To Date	
	3 months ended		12 months ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	913,411	979,827	3,632,259	3,530,732
Other income	4,834	8,743	18,998	24,761
Changes in inventory of finished goods and work in progress	(43,311)	(103,492)	155,304	183,001
Raw materials and consumables	(685,527)	(691,751)	(3,129,045)	(2,986,949)
Staff costs	(59,876)	(57,864)	(179,521)	(183,239)
Depreciation of property, plant and equipment	(11,946)	(13,670)	(36,771)	(41,404)
Other operating expenses	(63,599)	(81,063)	(258,811)	(258,283)
Finance costs	(14,705)	(15,362)	(58,436)	(56,898)
Share of profit of associates	7,203	6,020	21,035	27,012
Profit before tax	46,484	31,388	165,012	238,733
Income tax expense	(15,373)	(10,734)	(46,489)	(67,377)
Profit for the period/year	31,111	20,654	118,523	171,356
Attributable to :				
Equity holders of the parent	29,248	17,143	110,600	164,573
Non-controlling interests	1,863	3,511	7,923	6,783
	31,111	20,654	118,523	171,356
Earnings per share (sen)				
(i) Basic (based on 470,402,000 ordinary shares (2011: 470,402,000 ordinary shares) (sen))	6.22	3.64	23.51	34.99

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 QUARTER AND YEAR ENDED 31 DECEMBER 2012

	Individual Quarter		Cumulative Year To Date	
	3 months ended		12 months ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	31,111	20,654	118,523	171,356
Profit on fair value changes of available-for-sales investments	(2)	(11)	13	(11)
Foreign currency translation	(553)	489	(553)	489
Total comprehensive income for the period/year	<u>30,556</u>	<u>21,132</u>	<u>117,983</u>	<u>171,834</u>
Attributable to :				
Equity holders of the parent	28,693	17,621	110,060	165,051
Non-controlling interests	<u>1,863</u>	<u>3,511</u>	<u>7,923</u>	<u>6,783</u>
	<u>30,556</u>	<u>21,132</u>	<u>117,983</u>	<u>171,834</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 31 DECEMBER 2012

	As at 31/12/2012	As at 31/12/2011 (Restated)	As at 1/1/2011 (Restated)
	RM'000	RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	467,145	421,760	410,036
Investment in associated companies	327,517	320,672	242,363
Other investments	45,655	36,462	-
Intangible assets	139	139	139
Deferred tax assets	57,824	52,542	68,157
	<u>898,280</u>	<u>831,575</u>	<u>720,695</u>
<b>Current assets</b>			
Tax recoverable	984	15,825	1,916
Inventories	922,182	766,878	583,877
Trade and other receivables	704,472	827,385	865,685
Amount owing from associated companies	28,376	46,470	20,479
Cash and bank balances	398,681	378,503	243,872
	<u>2,054,695</u>	<u>2,035,061</u>	<u>1,715,829</u>
<b>TOTAL ASSETS</b>	<b><u>2,952,975</u></b>	<b><u>2,866,636</u></b>	<b><u>2,436,524</u></b>
<b>Current liabilities</b>			
Retirement benefit obligations	7,205	5,543	4,428
Short term borrowings	588,026	556,648	515,377
Trade and other payables	203,177	211,399	223,566
Amount owing to associated companies	310	657	304
Dividend payable	42,336	-	-
Tax payable	17,744	3,762	20,825
	<u>858,798</u>	<u>778,009</u>	<u>764,500</u>
<b>Net Current Assets</b>	<b><u>1,195,897</u></b>	<b><u>1,257,052</u></b>	<b><u>951,329</u></b>
<b>Non-current liabilities</b>			
Retirement benefit obligations	103,096	102,218	100,560
Long term borrowings	771,622	769,869	409,484
Deferred tax liabilities	20,642	19,965	19,604
	<u>895,360</u>	<u>892,052</u>	<u>529,648</u>
<b>Total liabilities</b>	<b><u>1,754,158</u></b>	<b><u>1,670,061</u></b>	<b><u>1,294,148</u></b>
<b>Net Assets</b>	<b><u>1,198,817</u></b>	<b><u>1,196,575</u></b>	<b><u>1,142,376</u></b>
<b>Equity attributable to equity holders of the Company</b>			
Share capital	470,402	470,402	470,402
Reserves	634,125	636,961	588,334
	<u>1,104,527</u>	<u>1,107,363</u>	<u>1,058,736</u>
Non-controlling interests	94,290	89,212	83,640
<b>Total equity</b>	<b><u>1,198,817</u></b>	<b><u>1,196,575</u></b>	<b><u>1,142,376</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,952,975</u></b>	<b><u>2,866,636</u></b>	<b><u>2,436,524</u></b>
Net assets per share (RM)	<u>2.35</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 YEAR ENDED 31 DECEMBER 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)	1,142,376	1,058,736	470,402	565,865	22,469	7,085	2,864	12,520	-	-	83,640
Total comprehensive income for the year	171,834	165,051	-	164,573	478	-	-	-	(11)	489	6,783
<b>Transactions with owners</b>											
Dividend	(117,635)	(116,424)	-	(116,424)	-	-	-	-	-	-	(1,211)
<b>At 31 December 2011</b>	<b>1,196,575</b>	<b>1,107,363</b>	<b>470,402</b>	<b>614,014</b>	<b>22,947</b>	<b>7,085</b>	<b>2,864</b>	<b>12,520</b>	<b>(11)</b>	<b>489</b>	<b>89,212</b>

	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)	1,196,575	1,107,363	470,402	614,014	22,947	7,085	2,864	12,520	(11)	489	89,212
Total comprehensive income for the year	117,983	110,060	-	110,600	(540)	-	-	-	13	(553)	7,923
<b>Transactions with owners</b>											
Dividend	(115,741)	(112,896)	-	(112,896)	-	-	-	-	-	-	(2,845)
<b>At 31 December 2012</b>	<b>1,198,817</b>	<b>1,104,527</b>	<b>470,402</b>	<b>611,718</b>	<b>22,407</b>	<b>7,085</b>	<b>2,864</b>	<b>12,520</b>	<b>2</b>	<b>(64)</b>	<b>94,290</b>

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 YEAR ENDED 31 DECEMBER 2012**

	Year ended 31/12/2012 RM '000	Year ended 31/12/2011 RM '000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	165,012	238,733
Adjustments for:		
Depreciation of property, plant and equipment	36,771	41,404
(Profit)/loss on disposal of property, plant and equipment	(127)	799
Property, plant and equipment written off	1,760	12,382
(Writeback)/impairment loss on receivables	(12,236)	1,378
Provision for retirement benefits	12,086	9,004
Gain on disposal of associate	-	(5,045)
Loss on disposal of other investment	7	-
Interest expense	57,331	54,559
Interest income	(6,415)	(10,378)
Share of results from associates	(21,035)	(27,012)
Write-down of inventories	2,354	7,243
Negative goodwill	(932)	-
Unrealised (gain)/loss in foreign exchange	(1,973)	5,267
Operating profit before working capital changes	232,603	328,334
Decrease in receivables	153,285	7,913
Increase in inventories	(157,658)	(187,875)
Decrease in payables	(14,015)	(12,392)
Cash generated from operations	214,215	135,980
Interest paid	(57,331)	(54,559)
Retirement benefits paid	(9,546)	(6,231)
Income tax paid	(22,279)	(82,981)
Interest income received	6,415	10,378
Net cash generated from operating activities	131,474	2,587
<b>INVESTING ACTIVITIES</b>		
Addition to other investments	(11,200)	(36,473)
Additional of investment in associates	-	(74,663)
Dividend received from associates	14,190	29,034
Purchase of property, plant and equipment	(80,663)	(67,380)
Proceeds from disposal of property, plant and equipment	374	1,071
Proceeds from disposal of other investment	2,012	-
Net cash used in investing activities	(75,287)	(148,411)
<b>FINANCING ACTIVITIES</b>		
Drawdown of borrowings	1,743,402	2,241,766
Repayment of borrowings	(1,713,340)	(1,843,177)
Dividend paid	(70,560)	(116,424)
Net cash (used in)/generated from financing activities	(40,498)	282,165
Net Change in Cash and Cash Equivalents	15,689	136,341
Effect of foreign exchange rates changes	(553)	489
Cash and Cash Equivalents at beginning of year	376,468	239,638
Cash and Cash Equivalents at end of year	391,604	376,468
<b>Cash and Cash Equivalents comprise :-</b>		
Cash and bank balances	398,681	378,503
Bank overdrafts	(7,077)	(2,035)
	391,604	376,468

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 YEAR ENDED 31 DECEMBER 2012**

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

These condensed consolidated interim financial statements, for the period ended 31 December 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 ended 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.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note 3 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

**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 transition to MFRS.

Accordingly, at date of transition to MFRS, the cumulative foreign exchange translation differences of 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 (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 RM29.1 million (31 December 2011: RM29.1 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
<b>Assets</b>					
Property, plant and equipment	381,098	-	28,938	-	410,036
Deferred tax assets	62,704	-	-	5,453	68,157
<b>Equity</b>					
Foreign exchange reserve	(3,768)	3,768	-	-	-
Retained profits	569,813	(3,768)	28,938	(29,118)	565,865
<b>Non-current liabilities</b>					
Retirement benefits	65,989	-	-	34,571	100,560

### 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
<b>Assets</b>					
Property, plant and equipment	392,822	-	28,938	-	421,760
Deferred tax assets	47,089	-	-	5,453	52,542
<b>Equity</b>					
Foreign exchange reserve	(3,279)	3,768	-	-	489
Retained profits	617,962	(3,768)	28,938	(29,118)	614,014
<b>Non-current liabilities</b>					
Retirement benefits	67,647	-	-	34,571	102,218

### 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

The directors expect that the adoption of the offer standards and interpretations above will have no material impact on the financial statements in the period of initial application.

### 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 current quarter ended 31 December 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

There is no dividend paid for the current quarter.

### 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 year ended 31 December 2012			
Revenue:-			
External customers	3,092,815	539,444	3,632,259
Segment profit	(a) 521,782	136,736	658,518
For the year ended 31 December 2011			
Revenue:-			
External customers	2,977,334	553,398	3,530,732
Segment profit	(a) 584,314	142,470	726,784

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

	Year ended 31/12/2012 RM'000	Year ended 31/12/2011 RM'000
Other income	18,998	24,761
Staff costs	(179,521)	(183,239)
Depreciation	(36,771)	(41,404)
Other expenses	(258,811)	(258,283)
Finance costs	(58,436)	(56,898)
Share of profit of associates	21,035	27,012
	<u>(493,506)</u>	<u>(488,051)</u>

## 9. Segmental Information (Contd.)

### 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 year ended		Non-current assets as at	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Peninsular Malaysia	2,807,481	2,726,420	818,594	752,934
East Malaysia	824,778	804,312	79,686	78,641
	<u>3,632,259</u>	<u>3,530,732</u>	<u>898,280</u>	<u>831,575</u>

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

	As at 31/12/2012 RM'000	As at 31/12/2011 RM'000
	Property, plant and equipment	467,145
Investment in associates	327,517	320,672
Other investments	45,655	36,462
Intangible assets	139	139
Deferred tax assets	57,824	52,542
	<u>898,280</u>	<u>831,575</u>

### Information about major customers

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

## 10. Significant and Subsequent Events

There was no significant event in the current quarter.

## 11. Changes in Composition of the Group

On 24 December 2012, Subur Majubumi Sdn. Bhd., wholly-owned subsidiary of the Company, had entered into a Share Acquisition Agreement to acquire the entire issued and paid-up share capital of Warisan Bayumas Sdn Bhd ("WBSB") for a cash consideration of Ringgit Malaysia Two (RM2.00) only.

## 12. Changes in Contingent Liabilities

The Group has no contingent liability or contingent assets as at 31 December 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.

## 12. Changes in Contingent Liabilities (Contd.)

(a) (contd.)

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.
- (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 case was fixed for hearing on 8 February 2013. On the hearing date, the Court dismissed the Plaintiff's application and awarded costs to the Company.

No provision was made in the financial statements of the Group and of the Company as at 31 December 2012 for the matters set out in Notes (a) and (b) 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.

## 13. Capital Commitments

	As at 31/12/2012 RM'000	As at 31/12/2011 RM'000
Capital expenditure approved and contracted for:		
Property, plant and equipment	103,946	96,779
Capital expenditure approved but not contracted for:		
Property, plant and equipment	28,638	190,828
Investment	50,000	16,336
	<u>78,638</u>	<u>207,164</u>

### 13. Capital Commitments (Contd.)

	As at 31/12/2012 RM'000	As at 31/12/2011 RM'000
Share of capital commitments of associated companies:		
Approved and contracted for:		
Property, plant and equipment	7,231	2,754
Approved but not contracted for:		
Property, plant and equipment	18	705

### 14. Performance Review

#### Current YTD vs. Previous YTD

The Group's revenue increased by 3% for the year ended 31 December 2012 to RM 3.63 billion as compared to RM 3.53 billion for the year ended 31 December 2011 due to increase in volume sold. Rice segment contributed 85% (2011: 84%) and non-rice contributed 15% (2011: 16%) of revenue respectively.

The Group's profit after tax was RM 118.5 million, a decrease of 31% from RM 171.4 million in the previous corresponding period. The lower profit was mainly due to higher cost of imported rice sold. Selling price remained consistent.

Performance of the respective operating business segments for the year ended 31 December 2012 as compared to the previous corresponding year is analysed as follows:

#### (i) Rice Segment

Rice sales increased by RM 115 million (4%) to RM 3,093 million as compared to the previous corresponding period. This was mainly due to higher total volume sold by 2% to 1.44 million metric tonne as compared to 1.41 million metric tonne in the previous year. The imported rice contributed 61% (2011: 62%) of the rice volume sold.

#### (ii) Non-Rice Segment

Non-rice sales had decreased by 3% mainly due to lower sales of paddy to Skim Pengilang Bumiputra (SPB) as compared to the previous corresponding period.

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

#### Quarter 4 vs. Quarter 3

The revenue during the quarter ended 31 December 2012 had increased by 3% from RM887.5 million to RM913.4 million as compared to the previous quarter. This was mainly due to higher non-rice sales by 45% to RM166.7 million.

The Group recorded profit before tax of RM46.5 million for the quarter ended 31 December 2012, an increase of 81% as compared to the profit before tax of RM25.6 million in the third quarter of 2012. This is due to better margins from rice sales in this quarter as compared to the third quarter of 2012.

### 16. Commentary on Prospects

The trend in early 2013 indicates that the rice market is expected to show undercurrents of weakness caused by the current relatively weak demand and the possibility of Vietnam's bumper harvest in February 2013.

The weaker price trend is expected to prevail possibly till Q2 2013. From then onwards, the Southwest monsoon affecting India and Pakistan will be critical in determining how prices will behave for the remaining balance of the year. A good monsoon will mean India and Pakistan will likely experience a good harvest and prices will generally remain soft. A late or lower rainfall will mean otherwise.

The global ending stocks in 2013 is expected to be lower by 3 million mt to 102.5 million mt, thus any sign in either further deterioration in supply or improvement in demand from the current outlook will be a strong support for higher prices than the current market level.

In view of the above, the Group's performance is expected to be satisfactory this year.

## 17. 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.

## 18. Profit Before Tax

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

	Individual Quarter 3 months ended		Cumulative Year To Date 12 months ended	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Interest income	(2,195)	(2,303)	(6,415)	(10,378)
Other income including investment income	(2,638)	(6,440)	(12,582)	(14,383)
Interest expense	14,214	13,023	57,331	54,559
Depreciation and amortisation	11,946	13,670	36,771	41,404
(Write back)/provision for and write off of receivables	(813)	9	(12,236)	1,378
Provision for and write off of inventories	2,354	7,243	2,354	7,243
(Profit)/loss on disposal of property, plant and equipment	(25)	201	(127)	799
Gains on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets	1,594	12,275	1,760	12,382
Unrealised foreign exchange loss/(gain)	46	(10,077)	(1,973)	5,267
Fair value loss on derivative instruments	*	*	*	*
Exceptional items	*	*	*	*

\* There is no such reportable item as required by Bursa Securities in the current quarter and current year to date.

## 19. Taxation

	Individual Quarter 3 months ended		Cumulative Year To Date 12 months ended	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Tax expense for the period:-				
- Malaysian Income Tax	21,711	17,433	51,094	51,401
- Deferred tax	(6,338)	(6,699)	(4,605)	15,976
	<u>15,373</u>	<u>10,734</u>	<u>46,489</u>	<u>67,377</u>

The higher effective tax rate for the quarter is mainly due to non allowable expenses.

## 20. Corporate Proposals

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

## 21. Borrowings and Debt Securities

	As at 31/12/12	As at 31/12/11
	RM'000	RM'000
Short Term Borrowings:-		
Secured	6,298	5,679
Unsecured	581,728	550,969
	<u>588,026</u>	<u>556,648</u>
Long Term Borrowings		
Secured	23,037	22,119
Unsecured	748,585	747,750
	<u>771,622</u>	<u>769,869</u>
	<u>1,359,648</u>	<u>1,326,517</u>

All the above borrowings are denominated in Ringgit Malaysia.

## 22. Retained Earnings

	As at 31/12/12 RM'000	As at 31/12/11 RM'000
Total retained profits of the Company and subsidiaries:-		
- Realised	603,124	562,713
- Unrealised	42,694	35,766
	<u>645,818</u>	<u>598,479</u>
Total share of retained profits from associated companies:-		
- Realised	123,957	104,055
- Unrealised	(9,938)	(10,033)
	<u>759,837</u>	<u>692,501</u>
Less: Consolidation adjustments	(148,119)	(78,487)
Total group retained profits	<u>611,718</u>	<u>614,014</u>

## 23. Changes in Material Litigation

As at 31 December 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.

## 24. Dividend Payable

First interim dividend in respect of the financial year ended 31 December 2012 of 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares, amounting to a dividend payable of RM 42,336,000 has been declared on 18 December 2012 and paid on 29 January 2013.

## 25. 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 31/12/12	As at 31/12/11
Net profit for the year (RM'000)	110,600	164,573
Weighted average number of ordinary shares in issue ('000)	<u>470,402</u>	<u>470,402</u>
Basic earnings per share (sen)	<u>23.51</u>	<u>34.99</u>

## 26. 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 19 February 2013.

**BY ORDER OF THE BOARD**

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