

FARM'S BEST BERHAD (301653-V)
(Incorporated in Malaysia)

**A) Notes in accordance to requirements under Financial Reporting Standards ("FRS")
No. 134 - Interim Financial Reporting**

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2010 except for the mandatory adoption of the following new and revised Financial Reporting Standards ("FRSs") and Issues Committee Interpretations ("IC Int."), where applicable:

FRS 1	First Time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 12	Service Concession Arrangements
IC Int. 16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distributions of Non-cash Assets to Owners
Amendments to FRS 132	Classification of Rights Issue
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions

Amendments to FRS 7	Improving Disclosures about Financial Instruments
Improvements in FRSs issued in 2010	
IC Int. 4	Determining Whether an Arrangement contains a Lease
IC Int. 18	Transfers of Assets from Customers
TR i - 4	Shariah Compliant Sale Contracts

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

3. Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the year ended 31 December 2010 were reported without any qualification.

4. Comments about Seasonal or Cyclical factors

No seasonality or cyclical of operations is applicable to the Company.

5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2011.

6. Changes in Estimates

The Group has not submitted any financial forecast or projections to any authorities during the current quarter and prior financial year ended 31 December 2010. As such, there is no change in estimates that had a material effect in the current quarter results.

7. Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities for the current quarter and financial year to-date.

8. Dividends paid

No dividend has been declared for the current quarter ended 30 September 2011.

9. Segmental information

The Group is organized into two main business segments:

- (i) Poultry – This consists of manufacturing and wholesale of animal feeds, poultry breeding, hatchery operations, contract farming, poultry processing and trading of feeds, day-old chicks, medications and vaccines.
- (ii) Housing development – This consists of development and construction of residential and commercial properties.

Business segment

Segment information for the nine months ended 30 September 2011 was as follows:

	<u>Poultry</u> RM'000	<u>Property development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
<u>2011</u>				
Revenue	795,025	21,707	(527,052)	289,680
Results				
Segment results	23,153	3,988	-	27,141
Unallocated costs				(263)
Profit from operations				26,878
Finance costs, net				(11,834)
Share of results of associated companies				63
Profit before tax				15,107

Segment information for the nine months ended 30 September 2010 was as follows:

	<u>Poultry</u> RM'000	<u>Property development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
<u>2010</u>				
Revenue	640,698	10,162	(409,501)	241,359
Results				
Segment results	12,044	(316)	-	11,728
Unallocated costs				(189)
Profit from operations				11,539
Finance costs, net				(9,888)
Share of results of associated companies				(304)
Profit before tax				1,347

Unallocated costs represent common costs and expenses incurred in dormant subsidiary companies.

10. Subsequent Events

As at the date of this report, there were no material events subsequent to the current quarter ended 30 September 2011, except for the following:-

Sinmah Livestocks Sdn Bhd ("SLSB"), a wholly-owned subsidiary of the Company, had on 17 October 2011 entered into two Sale and Purchase Agreements with Time Broadway Sdn Bhd ("TBSB") ("the Vendor") to acquire the following freehold properties for a total purchase price of Ringgit Malaysia Four Million and Five Hundred Thousand only (RM4,500,000.00):-

- i) All that piece of land held under title identified as Geran 76358 & 76359, Lot 345 & 346, both in the Mukim of Keru, District of Tampin, State of Negeri Sembilan measuring approximately 5.395 hectares in total together with buildings (two (2) Workers' Quarters) erected thereon; and inclusive of fifteen (15) chicken sheds, poultry equipment, furniture, fittings, fixtures, partitions and chattels;
- ii) All that piece of land held under title identified as Geran 20691, Lot 423, Mukim of Jelai, District of Jempol, State of Negeri Sembilan measuring approximately 6.9049 hectares together with buildings (two Workers' Quarters) erected thereon; inclusive of nineteen (19) chicken sheds, poultry equipment, furniture, fittings, fixtures, partitions and chattels.

An announcement was duly made to Bursa Malaysia Securities Berhad on 18 October 2011.

11. Changes to the composition of the Group

There were no changes in the composition of the Group in the current quarter under review except for acquisition of the remaining 25% equity interest in Chem Ventures Sdn Bhd ("CVSB"). The Group via its wholly owned subsidiary, Sinmah Livestocks Sdn Bhd entered into an Sale and Purchase Agreement with the minority interest of CVSB, Mr Quah Siew Seng, to acquire the remaining 25% equity interest of CVSB on 12 September 2011. This acquisition was duly announced to Bursa Malaysia on 13 September 2011.

12. Contingent Liabilities

The Company provides corporate guarantee to financial institutions for all unsecured credit facilities granted to subsidiaries amounting to RM197.5 million as at 30 September 2011.

13. Capital Commitments

There were no material capital commitments during the quarter under review.

B) Notes in accordance to requirements under Chapter 9, Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements

14. Review of Current Quarter Events and Performance

The Group's performance for the current year's third quarter ended 30 September 2011 compared to the preceeding year's third quarter ended 30 September 2010 is as shown in Table A below:

Table A

Description	3 months ended 30 Sep 2011 RM'000	3 months ended 30 Sep 2010 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue	100,301	87,581	12,720	15
Profit attributable to owners of the parent	4,243	5,693	(1,450)	(25)

For the current quarter ended 30 September 2011, the Group recorded a revenue of RM100.3 million as compared with RM87.5 million in the corresponding quarter ended 30 September 2010, an increase of 15%. The increase was mainly due to increase in average selling prices and higher volume of live broilers and processed poultry products during the current quarter ended 30 September 2011.

However, the Group posted a lower profit attributable to owners of the parent of RM4.24 million during the current quarter ended 30 September 2011 as compared to a profit attributable to owners of the parent of about RM5.69 million during the corresponding quarter ended 30 September 2010. This was mainly due to the increase in average cost of production brought about by higher cost of feed coupled with lower volume of table eggs sold during the current quarter ended 30 September 2011 as compared to the corresponding quarter ended 30 September 2010.

The Group's performance for the nine months ended 30 September 2011 as compared to nine months ended 30 September 2010 is as shown in Table B below:

Table B

Description	9 months ended 30 Sep 2011 RM'000	9 months ended 30 Sep 2010 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue	289,680	241,359	48,321	20
Profit attributable to owners of the parent	11,490	1,048	10,442	996

For the nine months period ended 30 September 2011, the Group posted revenue of RM289.7 million, an increase of about 20% if compared to the turnover of RM241.3 million recorded in the corresponding period ended 30 September 2010. The increase was due to higher average selling prices and an increase in sales volume of live broilers coupled with higher average selling prices of processed poultry products and table eggs

during the nine months ended 30 September 2011 as compared to corresponding period ended 30 September 2010.

During the nine months period ended 30 September 2011, the Group posted a significant higher profit attributable to owners of the parent of RM11.49 million as compared to a profit attributable to owners of the parent of RM1.04 million during the corresponding period ended 30 September 2010. This was mainly due to higher average selling prices and higher sales volume of live broilers, higher average selling prices of table eggs and poultry products.

15. Comparison to Preceding Quarter's Results

The Group's performance for the current year's third quarter ended 30 September 2011 compared to second quarter ended 30 June 2011 is as shown in Table C below:

Table C

Description	3 months ended 30 Sep 2011 RM'000	3 months ended 30 Jun 2011 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue	100,301	94,915	5,386	5.7
Profit attributable to owners of the parent	4,243	4,238	5	0.1

For the current quarter ended 30 September 2011, the Group posted revenue of RM100.3 million, an increase of about 5.7% if compared to the turnover of RM94.9 million recorded in the previous quarter ended 30 June 2011. The increase was due to higher average selling prices of live broilers and processed poultry products during current quarter ended 30 September 2011.

Despite a higher revenue, the Group's profit attributable to owners of the parent remained consistent at about RM4.24 million during the current quarter ended 30 September 2011 as in the preceding quarter ended 30 June 2011. This was mainly due to higher average cost of production for poultry feed coupled with a provision for deferred taxation of RM2.1 million.

16. Prospects

The Group expects selling prices of poultry products to remain stable in the fourth quarter of the current financial year. The imported raw material prices are also expected to remain stable in the fourth quarter despite current increasing trend of prices as the Group had hedged the prices of imported raw materials competitively over the next few months. However, the Group expects prices of imported raw materials to remain high throughout the fourth quarter of the current financial year and will continue to hedge competitively into the financial year 2012.

With the above position, the Group is confident of maintaining its profitability for the fourth quarter of the financial year ending 31 December 2011.

17. Disclosure of Realised and Unrealised Profits or Losses

The accumulated losses as at 30 September 2011 and 31 December 2010 is analysed as follows:

	As at 30 Sep 2011 RM'000 (Unaudited)	As at 31 Dec 2010 RM'000 (Audited)
Total accumulated losses of the Group and its subsidiaries:		
- Realised	92,855	104,053
- Unrealised	(1,685)	(510)
	<u>91,170</u>	<u>103,543</u>
Total share of accumulated losses of associates		
- Realised	722	785
	<u>91,892</u>	<u>104,328</u>
Less: Consolidation adjustments	(66,207)	(67,153)
	<u>25,685</u>	<u>37,175</u>

The disclosure of realised and unrealised losses above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purposes.

18. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

19. Taxation

The income tax (expense)/income to the Group for the current quarter under review is as follows:

	Quarter ended 30 Sep 2011 RM '000	Year to-date 30 Sep 2011 RM '000
Current tax	(680)	(1,575)
Deferred tax	<u>(2,087)</u>	<u>(2,059)</u>
Total income tax expense	<u>(2,767)</u>	<u>(3,634)</u>

The tax charge is in respect of profits of certain subsidiaries which do not enjoy group loss relief and other tax incentives.

20. Sale of Unquoted Investment and Properties

There were no material sales of unquoted investment or properties which would materially affect the financial position of the Group during the current quarter.

21. Quoted Securities

There were no purchases or disposal of quoted securities during the current quarter.

22. Corporate Proposals

There were no corporate proposals for the current quarter.

23. Group Borrowings

Group borrowings and debt securities as at the end of the reporting period:

(a) All borrowings in the Group are secured by way of fixed and floating charges and negative pledges over the assets of certain subsidiaries in the Group and corporate guarantees given by the Company.

(b) Group borrowings as at the end of the reporting period are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Bank Overdraft	21,092	-	21,092
Bankers Acceptance	44,508	-	44,508
Revolving Credit	97,027	-	97,027
Hire Purchase Creditors	1,275	1,872	3,147
Term Loans	6,617	35,613	42,230
	<u>170,519</u>	<u>37,485</u>	<u>208,004</u>

Except for a Term Loan of US\$9,736,842 drawn down from Cooperatieve Centrale Raiffeisen - Boerenleenbank B.A. (Rabobank Nederland), Singapore Branch, all other borrowings of the Group are denominated in Ringgit Malaysia. The following are the detailed breakdown of the Group's borrowings in local and foreign currency as at 30 September 2011:

Type of Borrowings	Foreign Currency US\$'000	RM Equivalent RM'000	Local Currency RM'000	Total Borrowings RM'000
Bank Overdraft	-	-	21,092	21,092
Bankers Acceptance	-	-	44,508	44,508
Revolving Credit	-	-	97,027	97,027
Hire Purchase	-	-	3,147	3,147
Term Loans	538	1,708	41,777	42,230
Total	<u>538</u>	<u>1,708</u>	<u>207,551</u>	<u>208,004</u>

24. Financial Instruments

There were no off balance sheet financial instruments as at 24 November 2011.

25. Material Litigations

There was no material litigation for the current quarter under review.

26. Dividend

No interim dividend has been declared for the quarter ended 30 September 2011 (30 September 2010: Nil).

27. Earnings Per Share

	Current Year Quarter Ended 30/9/2011	Preceding Year Quarter Ended 30/9/2010	Current Year To-Date 30/9/2011	Preceding Year To-Date 30/9/2010
Profit/(Loss) attributable to owners of the parent (RM'000)	4,243	5,693	11,490	1,048
Weighted average number of shares - ('000)	55,530	55,530	55,530	55,530
Basic earnings/(loss) per share (sen)	7.64	10.25	20.69	1.89

Basic earnings/(loss) per share is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

There is no dilution in the earnings per share during the current quarter and financial year to-date.

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors on 24 November 2011.