

**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.

In addition to the above FRSs and IC Interpretations, the Group will also need to apply the newly issued Malaysian Financial Reporting Standards ("MFRS Framework") in coming quarters. On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

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

The Group will be required to prepare financial statements using the new MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the financial position as at 1 January 2012 to reflect the application of the new MFRS Framework.

As at the date of this report, the Group has not completed its assessment of financial effects of the differences between FRS and accounting standards under the MFRS Framework. Accordingly, the financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework. The Group expects to be in a position to fully comply with the requirements of the MFRS Framework in the coming quarters of the financial year ending 31 December 2012.

### **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 cyclicity 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 31 December 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 31 December 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) Property development - This consists of development and construction of residential and commercial properties.

### Business segment

Segment information for the twelve months ended 31 December 2011 was as follows:

	<u>Poultry</u>	<u>Property</u>	<u>Others</u>	<u>Consolidated</u>
	<u>RM'000</u>	<u>development</u>	<u>RM'000</u>	<u>RM'000</u>
		<u>RM'000</u>		
<u>2011</u>				
Revenue	361,825	14,707	-	376,532
<b>Results</b>				
Segment results	30,502	1,357	(636)	31,223
Finance income	318	13	-	331
Finance costs	(14,891)	(149)	(918)	(15,958)
Share of results of associated companies	116	-	(63)	53

Profit/(loss) before tax	16,045	1,221	(1,617)	15,649
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Segment information for the twelve months ended 31 December 2010 was as follows:

	<u>Poultry</u> RM'000	<u>Property</u> <u>development</u> RM'000	<u>Others</u> RM'000	<u>Consolidated</u> RM'000
<b>2010</b>				
<b>Revenue</b>	326,383	4,772	-	331,155
<b>Results</b>				
Segment results	17,565	(492)	1,463	18,536
Finance income	192	-	-	192
Finance costs	(13,687)	(105)	(1,061)	(14,853)
Share of results of associated companies	(65)	-	(213)	(278)
Profit/(loss) before tax	4,005	(597)	189	3,597

Other business segments include investment holding and provision of management services, none of which are of a sufficient size to be reported separately.

## 10. Subsequent Events

As at the date of this report, there were no material events subsequent to the current quarter ended 31 December 2011, except for the following:-

Sinmah Livestocks Sdn Bhd ("SLSB"), a wholly-owned subsidiary of the Company, had on 21 February 2012 entered into two Sale and Purchase Agreements with Ramatron Sdn Bhd ("RSB") ("the Vendor 1") and Rising Seasons Sdn Bhd ("RSSB") ("the Vendor 2") to acquire the following freehold properties for a total purchase price of Ringgit Malaysia Seven Million and Five Hundred Thousand only (RM7,500,000.00):-

- i) All that piece of land held under title identified as :-
  - (a) Geran Mukim No. Hakmilik 415, Lot 4071, Mukim Jementah, Daerah Segamat, Johor together with all the chicken pens erected thereon and all the equipments therein;
  - (b) Geran Mukim No. Hakmilik 51, Lot 2619, Mukim Jementah, Daerah Segamat, Johor together with all the chicken pens erected thereon and all the equipments therein;
  - (c) H.S. (M) No. 4096, LO 1075/5, Mukim Bukit Serampang, Daerah Ledang, Johor together with all the chicken pens erected thereon and all the equipments therein;
- ii) All that piece of land held under title identified as :-

- (a) Geran Mukim No. Hakmilik 2481, Lot 3733, Tempat Batu 4 ¾, Jalan Muar, Labis, Mukim Labis, Daerah Labis, Johor together with all the chicken pens erected thereon and all the equipments therein;
- (b) Geran Mukim No. Hakmilik 2482, Lot 3734, Tempat Batu 4 ¾, Jalan Muar, Labis, Mukim Labis, Daerah Labis, Johor together with all the chicken pens erected thereon and all the equipments therein;
- (c) H.S. (M) No. 586, Plot 170, Tempat Sungei Karas, Mukim Labis, Daerah Labis, Johor together with all the chicken pens erected thereon and all the equipments therein;
- (d) H.S. (M) No. 500, Plot 171, Tempat Sungei Karas, Mukim Labis, Daerah Labis, Johor together with all the chicken pens erected thereon and all the equipments therein;

An announcement was duly made to Bursa Malaysia Securities Berhad on 21 February 2012.

#### **11. Changes to the composition of the Group**

There were no changes in the composition of the Group in the current quarter under review.

#### **12. Contingent Liabilities**

The Company provides corporate guarantee to financial institutions for all unsecured credit facilities granted to subsidiaries amounting to RM194.4 million as at 31 December 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 fourth quarter ended 31 December 2011 compared to the preceding year's fourth quarter ended 31 December 2010 is as shown in Table A below:

Table A

Description	3 months ended 31 Dec 2011 RM'000	3 months ended 31 Dec 2010 RM'000	Increase/(Decrease)	
			RM'000	%
<b>Revenue</b>				
-Poultry	86,748	85,584	1,164	1
-Property development	104	1,864	(1,760)	(94)
	-----	-----		
	86,852	87,448		
	-----	-----		
<b>(Loss)/Profit attributable to owners of the parent</b>	(2,414)	156	(2,570)	(1,647)

Detailed analysis for current quarter and financial year to date

For the current quarter ended 31 December 2011, the poultry segment recorded a marginal increase in revenue of RM86.7 million as compared with RM85.6 million in the corresponding quarter ended 31 December 2010, an increase of 1%. The increase was mainly due to marginal increase in average selling prices and higher volume of live broilers sold and table eggs during the current quarter ended 31 December 2011.

However, the property development segment posted a lower revenue of RM104,000 as compared with RM1.86 million in the corresponding quarter ended 31 December 2010, a decrease of 94%. The decrease was mainly due to fewer units sold and completed in the current quarter ended 31 December 2011.

The Group posted a loss attributable to owners of the parent of RM2.41 million during the current quarter ended 31 December 2011 as opposed to a profit attributable to owners of the parent of about RM156,000 during the corresponding quarter ended 31 December 2010. This was mainly due to the higher average cost of production of feed during the current quarter ended 31 December 2011 as compared to the corresponding quarter ended 31 December 2010.

The Group's performance for the twelve months ended 31 December 2011 as compared to twelve months ended 31 December 2010 is as shown in Table B below:

Table B

Description	12 months ended 31 Dec 2011 RM'000	12 months ended 31 Dec 2010 RM'000	Increase/(Decrease)	
			RM'000	%
<b>Revenue</b>				
-Poultry	361,825	326,383	35,442	11
-Property development	14,707	4,772	9,935	208
	-----	-----		
	376,532	331,155		
	-----	-----		
<b>Profit attributable to owners of the parent</b>	9,076	1,221	7,855	643

For the twelve months period ended 31 December 2011, the poultry segment posted revenue of RM361.8 million, an increase of about 11% if compared to the turnover of RM326.4 million recorded in the corresponding period ended 31 December 2010. The increase was due to higher average selling prices and sales volume of live broilers and table eggs sold.

The property development segment has posted a higher revenue of RM14.7 million if compared to the turnover of RM4.7 million recorded in the corresponding period ended 31 December 2010. This is due to more units of houses sold and completed during the twelve months ended 31 December 2011 as compared to corresponding period ended 31 December 2010.

During the twelve months period ended 31 December 2011, the Group posted a significantly higher profit attributable to owners of the parent of RM9.08 million as compared to a profit attributable to owners of the parent of RM1.22 million during the corresponding period ended 31 December 2010. This was mainly due to higher average selling prices and sales volume of live broilers and table eggs coupled with more units of houses sold and completed.

## 15. Comparison to Preceding Quarter's Results

The Group's performance for the current year's fourth quarter ended 31 December 2011 compared to third quarter ended 30 September 2011 is as shown in Table C below:

Table C

Description	3 months ended 31 Dec 2011 RM'000	3 months ended 30 Sep 2011 RM'000	Increase/(Decrease)	
			RM'000	%
<b>Revenue</b>				
-Poultry	86,748	97,209	(10,461)	(11)
-Property development	104	3,092	(2,988)	(96)
	-----	-----		
	86,852	100,301		
	-----	-----		
<b>(Loss)/Profit attributable to owners of the parent</b>	(2,414)	4,243	6,657	(157)

For the current quarter ended 31 December 2011, the poultry segment posted a lower revenue of RM86.7 million, if compared to the turnover of RM97.2 million recorded in the previous quarter ended 30 September 2011, a decrease of 11%. The decrease was due to lower average selling prices and sales volume of live broilers during current quarter ended 31 December 2011.

The property development segment has posted a significantly lower revenue of RM104,000 if compared to the turnover of RM3.1 million recorded in the preceding period ended 30 September 2010. This is due to houses sold has yet to be completed as at the current quarter ended 31 December 2011.

Operationally, the Group posted a profit before tax of RM542,000 during the current quarter as compared to RM6.98 million during the previous quarter. This was mainly due to significant decrease in average selling prices and volume of live broilers. Besides this, there was also significantly fewer number of houses sold and completed in the property development segment during the current quarter compared to the previous quarter.

However, the Group posted a loss attributable to owners of the parent of RM2.4 million during the current quarter ended 31 December 2011 as opposed to profit attributable to owners of the parent of RM4.24 million during the previous quarter ended 30 September 2011. There was an additional deferred tax provision of RM2.2 million in the current quarter arising in the poultry segment.



## 16. Prospects

Going forward, the Group expects the prices poultry products for the first half of the financial year 2012 to be a challenging one. The Group is hopeful that the current sluggish position will be reversed in the coming months. However, the imported raw materials prices are expected to remain stable in the coming quarters of financial year 2012.

With the above position, the Group is hopeful in reporting a positive set of results in the first quarter of the financial year ending 31 December 2012.

## 17. Disclosure of Realised and Unrealised Profits or Losses

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

	As at 31 Dec 2011 RM'000 (Unaudited)	As at 31 Dec 2010 RM'000 (Audited)
Total accumulated losses of the Group and its subsidiaries:		
- Realised	94,882	104,053
- Unrealised	<u>(3,962)</u>	<u>(510)</u>
	90,920	103,543
Total share of accumulated losses of associates		
- Realised	<u>732</u>	<u>785</u>
	91,652	104,328
Less: Consolidation adjustments	<u>(63,553)</u>	<u>(67,153)</u>
	<u>28,099</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. Profit before tax

Profit before tax is arrived at after charging/(crediting):-

	Quarter ended 31 Dec 2011 RM'000	Year to-date 31 Dec 2011 RM'000
Depreciation and amortization	2,363	9,134
Provision for and write off of receivables	65	251
Gain or loss on disposal of quoted and unquoted investments or properties	(61)	(245)
Impairment of assets	139	343
Impairment of goodwill	782	782
Foreign exchange gain or loss	(2)	(401)

There were no provision for and write off of inventories and gain or loss on derivatives for the current quarter and financial year to-date ended 31 December 2011.

## 20. Taxation

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

	Quarter ended 31 Dec 2011 RM '000	Year to-date 31 Dec 2011 RM '000
Current tax	(321)	(1,897)
Deferred tax	(2,225)	(4,283)
Total income tax expense	(2,546)	(6,180)

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

## 21. Corporate Proposals

There were no corporate proposals for the current quarter.

## 22. 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	21,510	-	21,510
Bankers Acceptance	39,531	-	39,531
Revolving Credit	97,849	-	97,849
Hire Purchase Creditors	1,244	1,894	3,138
Term Loans	5,976	36,601	42,577
	<u>166,110</u>	<u>38,495</u>	<u>204,605</u>

Except for a US Dollar Term Loan with balance outstanding as at 31 December 2011 of US\$538,000 owing to 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 31 December 2011:

Type of Borrowings	Foreign Currency US\$'000	RM Equivalent RM'000	Local Currency RM'000	Total Borrowings RM'000
Bank Overdraft	-	-	21,510	21,510
Bankers Acceptance	-	-	39,531	39,531
Revolving Credit	-	-	97,849	97,849
Hire Purchase	-	-	3,138	3,138
Term Loans	538	1,708	40,869	42,577
Total	<u>538</u>	<u>1,708</u>	<u>202,897</u>	<u>204,605</u>

## 23. Financial Instruments

There were no off balance sheet financial instruments as at 27 February 2012.

## 24. Material Litigations

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

## 25. Dividend

No interim dividend has been declared for the quarter ended 31 December 2011 (31 December 2010: Nil).

## 26. Earnings Per Share

	Current Year Quarter Ended 31/12/2011	Preceding Year Quarter Ended 31/12/2010	Current Year To-Date 31/12/2011	Preceding Year To-Date 31/12/2010
<b>Profit/(loss) attributable to owners of the parent (RM'000)</b>	(2,414)	156	9,076	1,221
<b>Weighted average number of shares - ('000)</b>	55,530	55,530	55,530	55,530
<b>Basic earnings/(loss) per share (sen)</b>	(4.35)	0.28	16.34	2.20

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.

## 27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors on 27 February 2012.