

There is no income tax expense for the Company in 2003 and 2002 as the Company does not have any chargeable income.

A reconciliation of tax expense/(income) applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

	2003 RM	2002 RM
Profit/(Loss) before tax	(6,450,625)	(7,624,098)
Add : Losses of subsidiary companies not available for group relief	<u>5,761,617</u>	<u>8,122,802</u>
	<u>(689,008)</u>	<u>498,704</u>
Tax at income tax rate of 28%	-	139,637
Tax effect of tax losses of subsidiary companies recognised	(193,253)	-
Tax effect of expenses that are not deductible in determining taxable profit	41,730	42,043
Utilisation of deferred tax assets not previously recognised	(39,562)	(8,688)
Underprovision in prior years	119	305
Others	<u>(28,915)</u>	<u>(28,992)</u>
Total	<u>(219,881)</u>	<u>144,305</u>

As of December 31, 2003, two subsidiary companies have tax exempt income arising from reinvestment allowances claimed and utilised under schedule 7A of the Income Tax Act 1967 and chargeable income on which income tax has been waived under Income Tax (Amended) Act 1999 totalling to approximately RM2,872,000 (2002: RM2,872,000) which, subject to the agreement of the tax authorities, is available for payment of tax exempt dividends to the Company.

12. LOSS PER ORDINARY SHARE

The basic loss per ordinary share for the Group has been calculated based on the Group's loss after tax and minority interest of RM6,474,369 (2002: RM7,978,089) and on the number of ordinary shares in issue during the financial year of 18,994,375 (2002: 18,994,375).

The fully diluted gross and net earnings per share are not presented as the Group has a gross and net loss per share.

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13. PROPERTY, PLANT AND EQUIPMENT

The Group	Beginning of Year		Cost / Valuation			End of Year	
	RM	RM	Additions RM	Disposal of Subsidiary RM	Write-off RM	Reclassification RM	RM
Freehold land	293,000	-	-	-	-	-	293,000
At 1978 valuation	257,170	-	-	(73,000)	-	-	184,170
At cost	-	-	-	-	-	-	-
Land under long leases	782,000	-	-	-	-	-	782,000
At 1978 valuation	502,357	-	-	-	-	-	502,357
At cost	-	-	-	-	-	-	-
Land under short leases	530,997	-	-	-	-	-	530,997
At cost	-	-	-	-	-	-	-
Buildings	3,320,000	-	-	-	-	-	3,320,000
At 1978 valuation	21,983,931	-	-	-	(72,800)	-	21,911,131
At cost	211,786	-	-	-	72,800	-	284,586
Building under finance lease	22,334,104	167,825	-	-	-	-	22,501,929
Plant and machinery	1,050,460	-	-	-	-	-	1,050,460
Plant and machinery under finance lease	6,058,525	97,202	-	-	(12,600)	-	6,143,127
Renovation, furniture, fixtures and equipment	520,092	-	-	-	12,600	-	532,692
Renovation, furniture, fitting and equipment under finance lease	-	-	-	-	-	-	-

(Forward)

The Group	Cost / Valuation					
	Beginning of Year RM	Additions RM	Disposal of Subsidiary RM	Write-off RM	Reclassification RM	End of Year RM
Motor vehicles	4,640,971	7,541	-	(38,931)	145,217	4,754,798
Motor vehicles under hire-purchase	535,689	-	-	-	(145,217)	390,472
Motor vehicles under finance lease	778,775	-	-	-	-	778,775
Machinery under installation	1,024,809	-	-	-	-	1,024,809
Plantation development expenditure	204,739	39,465	-	-	-	244,204
	<u>65,029,405</u>	<u>312,033</u>	<u>(73,000)</u>	<u>(38,931)</u>	<u>-</u>	<u>65,229,507</u>

(Forward)

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The Group	Accumulated Depreciation					
	Beginning of Year RM	Charge For The Year RM	Disposal of Subsidiary RM	Write-off RM	Reclassification RM	End of Year RM
Land under long leases						
At 1978 valuation	259,053	10,794	-	-	-	269,847
At cost	155,283	7,462	-	-	-	162,745
Land under short leases						
At cost	97,350	21,240	-	-	-	118,590
Buildings						
At 1978 valuation	3,152,734	-	-	-	-	3,152,734
At cost	7,599,615	940,625	-	-	(485)	8,539,755
Building under finance lease	35,298	24,091	-	-	485	59,874
Plant and machinery	18,774,491	646,757	-	-	-	19,421,248
Plant and machinery under finance lease	410,297	105,046	-	-	-	515,343
Renovation, furniture, fixtures and equipment	4,288,139	494,892	-	-	(420)	4,782,611
Renovation, furniture, fitting and equipment under finance lease	12,386	76,838	-	-	420	89,644
Motor vehicles	4,599,758	28,532	-	(38,931)	94,251	4,683,610
Motor vehicles under hire-purchase	215,958	95,932	-	-	(94,251)	217,639
Motor vehicles under finance lease	68,952	155,755	-	-	-	224,707
Consolidated Total	39,669,314	2,607,964	-	(38,931)	-	42,238,347

(Forward)

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The Group	Accumulated Impairment Loss		Net Book Value		
	Beginning of Year RM	Charge For The Year RM	End of Year RM	2003 RM	2002 RM
Freehold land					
At 1978 valuation	-	-	-	293,000	293,000
At cost	-	-	-	184,170	257,170
Land under long leases					
At 1978 valuation	-	-	-	512,153	522,947
At cost	-	-	-	339,612	347,074
Land under short leases					
At cost	-	-	-	412,407	433,647
Buildings					
At 1978 valuation	167,266	-	167,266	-	-
At cost	241,630	-	241,630	13,129,746	14,142,686
Building under finance lease	-	-	-	224,712	176,488
Plant and machinery	361,351	-	361,351	2,719,330	3,198,262
Plant and machinery under finance lease	-	-	-	535,117	640,163
Renovation, furniture, fixtures and equipment	199,562	-	199,562	1,160,954	1,570,824
Renovation, furniture, fitting and office equipment under finance lease	-	-	-	443,048	507,706
Motor vehicles	-	-	-	71,188	41,213
Motor vehicles under hire-purchase	-	-	-	172,833	319,731
Motor vehicles under finance lease	-	-	-	554,068	709,823
Machinery under installation	1,024,809	-	1,024,809	-	-
Plantation development expenditure	-	-	-	244,204	204,739
Total	1,994,618	-	1,994,618	20,996,542	23,365,473

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	Cost/ Valuation			
	Beginning and End of Year RM	Additions RM	Disposals RM	End of Year RM
Freehold land				
At 1978 valuation	293,000	-	-	293,000
At cost	184,170	-	-	184,170
Land under long leases				
At 1978 valuation	782,000	-	-	782,000
At cost	144,501	-	-	144,501
Buildings				
At 1978 valuation	3,320,000	-	-	3,320,000
At cost	2,384,846	-	-	2,384,846
Plant and machinery	80	-	-	80
Renovation, furniture, fixtures and equipment	526,025	-	-	526,025
Motor vehicles	1,476,012	-	-	1,476,012
Total	9,110,634	-	-	9,110,634

(Forward)

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	Accumulated Depreciation			
	Beginning and End of Year RM	Additions RM	Disposals RM	End of Year RM
Freehold land				
At 1978 valuation	-	-	-	-
At cost	-	-	-	-
Land under long leases				
At 1978 valuation	259,053	10,794	-	269,847
At cost	48,635	1,880	-	50,515
Buildings				
At 1978 valuation	3,152,734	-	-	3,152,734
At cost	1,626,347	158,423	-	1,784,770
Plant and machinery	59	-	-	59
Renovation, furniture, fixtures and equipment	441,221	58,626	-	499,847
Motor vehicles	1,476,012	-	-	1,476,012
Total	<u>7,004,061</u>	<u>229,723</u>	<u>-</u>	<u>7,233,784</u>

(Forward)

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	Accumulated Impairment Loss			Net Book Value	
	Beginning of Year RM	Charge for the Year RM	End of Year RM	2003 RM	2002 RM
Freehold land					
At 1978 valuation	-	-	-	293,000	293,000
At cost	-	-	-	184,170	184,170
Land under long leases					
At 1978 valuation	-	-	-	512,153	522,947
At cost	-	-	-	93,986	95,866
Buildings					
At 1978 valuation	167,266	-	167,266	-	-
At cost	241,630	-	241,630	358,446	516,869
Plant and machinery	21	-	21	-	-
Renovation, furniture, fixtures and equipment	-	-	-	26,178	84,804
Motor vehicles	-	-	-	-	-
Total	<u>408,917</u>	<u>-</u>	<u>408,917</u>	<u>1,467,933</u>	<u>1,697,656</u>

Land and buildings of the Company were last revalued by directors in 1978 based on valuation made by independent firms of professional valuers using as bases, the fair market value and highest present utility of the Company's land and buildings. These land and buildings are stated at 1978 valuation as allowed under the transitional provisions for the application of International Accounting Standards No. 16 (Revised), Property, Plant and Equipment adopted by the MASB. The directors are of the opinion that the fair values of the land and buildings at the end of the financial year are not less than their book carrying value.

Previously, the tax effect relating to the surplus on revaluation of land and buildings has not been provided for as the directors have no intention to dispose these assets in the foreseeable future. During the year, the Company adopted MASB 25, Income Taxes and had recognised the tax effect relating to the surplus on revaluation land and buildings. The effects of the change in accounting policy have been applied retrospectively as shown in Note 28.

The carrying values of the revalued property, plant and equipment of the Group and of the Company based on historical costs are as follows:

The Group and the Company

	Cost	Accumulated	Accumulated	Net Book
	RM	Depreciation	Impairment	Value
		RM	Loss	RM
			RM	
Freehold land	114,644	-	-	114,644
Land under long leases	548,635	201,776	-	346,859
Buildings	<u>2,482,489</u>	<u>2,379,740</u>	<u>102,749</u>	<u>-</u>

Land and buildings of the Group with carrying amounts of RM9,731,226 (2002: RM10,321,042) are pledged to certain licensed banks in respect of credit facilities granted to the Group as disclosed in Note 22 and Note 24.

Property, plant and equipment, other than land and buildings, of a subsidiary company with carrying amounts of RM2,450,746 (2002: RM2,816,348) are pledged to certain licensed banks in respect of term loan facilities granted to the subsidiary company as disclosed in Note 25.

Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use, with a cost of approximately RM13,524,000 (2002: RM13,436,000).

14. **INVESTMENT IN SUBSIDIARY COMPANIES**

Investment in subsidiary companies consists of:

	The Company	
	2003	2002
	RM	RM
Unquoted shares in subsidiary companies – at cost	10,161,954	11,151,954
Impairment loss	<u>(86,198)</u>	<u>(1,076,198)</u>
Net	<u>10,075,756</u>	<u>10,075,756</u>

The subsidiary companies (all incorporated in Malaysia) are as follows:

Direct subsidiary companies	Effective		Principal Activities
	Equity Interest	2003	
Sin Heng Chan (East Coast) Sdn. Bhd.	100%	100%	Manufacturing and trading of formulated animal feeds.
Goldkist (Malaysia) Sdn. Bhd.	100%	100%	Trading of formulated mineral poultry products.
Southern Farms Sdn. Bhd.	100%	100%	Investment holding.
Ayam Segar Sdn. Bhd.	100%	100%	Pre-operating.
Universal Goldquest (M) Sdn. Bhd.	-	100%	Dormant.
Excel Food Sdn. Bhd.	-	51%	Dormant.
Sub-subsidiary companies			
Sin Heng Chan Feed Sdn. Bhd.	100%	100%	Trading of formulated animal feeds.
Goldkist Breeding Farms Sdn. Bhd.	94%	94%	Broiler breeding.
LKPP - Goldkist Sdn. Bhd.	60%	60%	Broiler breeding and the planting of fragrant coconut trees.

Sub-subsidiary companies	Effective Equity Interest		Principal Activities
	2003	2002	
Central Feedmill Sdn. Bhd.	100%	100%	Dormant.
Goldkist (NS) Sdn. Bhd.	100%	100%	Dormant.
Kuala Lumpur Feedmill Sdn. Bhd.	100%	100%	Pre-operating.

On October 9, 2003, the Company entered into a conditional sales and purchase shares agreement to dispose of two (2) subsidiary companies, Universal Goldquest (M) Sdn. Bhd. and Excel Food Sdn. Bhd. The said disposal includes inter-alia assignment of certain bank borrowings and hire purchase payables of the subsidiary companies to the Company which will then form part of the unsecured scheme creditors of the Company under the Proposal as mentioned in Note 33.

The effects of the disposal of the subsidiary companies on the financial results of the Group up to the date of disposal were as follows:

	RM
Revenue	-
Operating expenses	<u>(24,993)</u>
Loss from operations	(24,993)
Finance costs	<u>(1,047,078)</u>
Loss before tax	(1,072,071)
Income tax expense	<u>-</u>
Loss after tax	(1,072,071)
Minority interest	<u>-</u>
Net loss	<u>(1,072,071)</u>