

The effect of the disposal on the financial position of the Group at date of disposal is as follows:

	RM
Net liabilities disposed as at date of disposal:	
Property, plant and equipment	73,000
Other receivables and prepaid expenses	36,209
Cash and bank balances	13,587
Investment in unquoted shares	1,002
Other payables and accrued expenses	<u>(497,948)</u>
Net liabilities disposed	(374,150)
Gain realised on disposal (Note 6)	<u>374,152</u>
Net value of disposal	2
Less: Cash and bank balances	<u>(13,587)</u>
Cash flow on disposal, net of cash disposed	<u>(13,585)</u>

The effect of the disposal of the subsidiary companies on the financial position of the Company at date of disposal is as follows:

	RM
Net liabilities acquired upon disposal of subsidiary companies as at date of disposal:	
Amount owing by subsidiary companies, net of allowance for doubtful debts	6,478,566
Other receivables and prepaid expenses	61,885
Bank borrowings *	(15,586,617)
Hire purchase payables (Note 24)	(164,211)
Other payables and accrued expenses	(391,544)
Tax liabilities	<u>(42,876)</u>
Net liabilities acquired	(9,644,797)
Loss arising from assignment of assets and liabilities of subsidiary companies disposed (Note 6)	<u>(9,644,795)</u>
Net value of disposal	2
Less: Bank overdrafts	<u>(14,827,617)</u>
Cash flow on disposal, net of bank overdrafts acquired	<u>(14,827,615)</u>

* *The bank borrowings form part of the Company's total bank borrowings as disclosed in Note 22*

Company No. 4690 - V

15. OTHER INVESTMENTS

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Unquoted shares (at cost)	591,070	592,072	-	591,070
Gold bullion	<u>5,250</u>	<u>5,250</u>	<u>5,250</u>	<u>5,250</u>
Total	<u>596,320</u>	<u>597,322</u>	<u>5,250</u>	<u>596,320</u>

16. INVENTORIES

	The Group	
	2003 RM	2002 RM
At cost:		
Raw materials	3,852,596	2,419,970
Parent stocks	3,028,176	3,697,963
Hatching eggs	1,106,788	870,905
Finished goods	445,907	470,242
Consumables	<u>568,844</u>	<u>648,288</u>
	<u>9,002,311</u>	<u>8,107,368</u>

17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group	
	2003 RM	2002 RM
Trade receivables	21,297,326	21,101,264
Less: Allowance for doubtful debts	<u>(12,525,678)</u>	<u>(12,956,345)</u>
Net	<u>8,771,648</u>	<u>8,144,919</u>

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other receivables	12,760,026	12,622,244	11,931,708	11,641,214
Less: Allowance for doubtful debts	<u>(9,657,870)</u>	<u>(9,699,022)</u>	<u>(8,715,472)</u>	<u>(8,753,318)</u>
	3,102,156	2,923,222	3,216,236	2,887,896
Deposits	408,941	408,071	257,439	256,639
Prepaid expenses	<u>194,645</u>	<u>244,444</u>	<u>10,151</u>	<u>63,767</u>
	<u>3,705,742</u>	<u>3,575,737</u>	<u>3,483,826</u>	<u>3,208,302</u>

Trade receivables of the Group comprise amounts receivable for the sales of goods. Other receivables of the Group and of the Company comprise mainly income tax recoverable amounting to RM3,083,181 (2002: RM2,803,384).

The credit period granted on sales of goods ranges from 7 to 90 days (2002: 7 to 90 days). An allowance has been made for estimated irrecoverable amounts from the sales of goods of RM12,525,678 (2002: RM12,956,345) based on past default experience.

Included in trade receivables of the Group is an amount of RM1,560 (2002: RM2,280) owing by Khosman Holdings Sdn. Bhd., a company in which YB Dato' Osman bin Din and Datin Khadijah bte Awang, directors of certain subsidiary companies, have substantial financial interest. The amount arose mainly from sales of livestock to a subsidiary company of RM94,095 (2002: RM114,900) during the financial year.

Included in other receivables of the Group and of the Company are rental deposits of RM196,368 (2002: RM196,368) paid to Desa Samudra Sdn. Bhd., a company of which Dato' Choo Keng Weng is also a director. During the financial year, rental charged to the Group and the Company amounted to RM304,206 (2002: RM410,886).

18. RELATED PARTY TRANSACTIONS

	The Company	
	2003	2002
	RM	RM
Amount owing by subsidiary companies - net of allowance for doubtful debts of RM9,307,105 (2002: RM10,138,043)	<u>2,724,911</u>	<u>5,576</u>
Amount owing to subsidiary companies	<u>4,731,928</u>	<u>9,565,797</u>

The amount owing by/(to) subsidiary companies arose mainly from trade transactions and unsecured interest-free advances with no fixed terms of repayment.

Other than disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiary companies are as follows:

Name of related parties	Relationship
Seng Hoe & Choong Corporation Sdn. Bhd.	A company in which Dato' Choo Keng Weng, has substantial financial interest.

During the financial year, significant related party transactions are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Other related parties				
Seng Hoe & Choong Corporation Sdn. Bhd.				
Rental of premises paid and payable to	<u>144,000</u>	<u>144,000</u>	<u>144,000</u>	<u>144,000</u>

The directors of the Group and of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

19. **MARKETABLE SECURITIES**

	The Group and the Company	
	2003 RM	2002 RM
Quoted shares in Malaysia - at cost	3,387	1,008,144
Allowance for diminution in value	<u>(3,324)</u>	<u>(530,962)</u>
Net	<u>63</u>	<u>477,182</u>
Market value	<u>63</u>	<u>477,182</u>

20. **FIXED DEPOSITS, CASH AND BANK BALANCES**

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Fixed deposits with licensed banks	122,937	913,078	-	792,175
Cash and bank balances	<u>2,591,844</u>	<u>993,767</u>	<u>13,321</u>	<u>104,325</u>
	<u>2,714,781</u>	<u>1,906,845</u>	<u>13,321</u>	<u>896,500</u>

Fixed deposits with licensed banks of the Group of RM122,937 (2002: RM120,053) are charged to banks for overdraft facilities granted and guarantees issued by the said bank. The fixed deposits of the Group have maturity period of 365 days (2002: 30 days to 365 days).

The average effective interest rates per annum are as follows:

	The Group		The Company	
	2003	2002	2003	2002
Fixed deposits with licensed banks	<u>3.73%</u>	<u>3.65%</u>	<u>3.35%</u>	<u>3.20%</u>

21. **TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES**

Trade and other payables comprise amounts outstanding for trade purchases and on-going costs. The average credit period granted to the Group for trade purchases ranges from 30 to 90 days (2002: 30 to 90 days).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other payables	10,924,286	11,501,059	7,619,597	7,248,492
Accrued interest	2,580,780	1,917,956	2,580,780	1,395,094
Accrued expenses	2,037,134	1,155,615	623,817	404,233
Provision for retirement benefits	52,665	59,456	-	-
	<u>15,594,865</u>	<u>14,634,086</u>	<u>10,824,194</u>	<u>9,047,819</u>

Included in other payables of the Group and of the Company are:

- a) an amount of RM9,009,040 (2002: RM9,009,040) and RM6,835,579 (2002: RM6,835,579) respectively which represents disputed debts owing to Sin Heng Chan (Singapore) Pte. Ltd., a company of which certain of its directors were former directors and shareholders of the Company as more fully explained in Note 31; and
- b) an amount of RM28,949 (2002: RM6,113) and RM Nil (2002: RM Nil) respectively owing to Lembaga Kemajuan Perindustrian Pertanian Negeri Pahang, a statutory body which is a substantial shareholder of a subsidiary company. The amount arose mainly from annual tribute paid and payable by a subsidiary company during the financial year of RM43,949 (2002: RM36,683).

Provision for retirement benefit of the Group is as follows:

	The Group	
	2003 RM	2002 RM
At beginning of year	59,456	80,232
Additions	-	-
Paid	(6,791)	(20,776)
At end of year	<u>52,665</u>	<u>59,456</u>

22. **BANK BORROWINGS**

	2003	2002
	RM	RM
The Company:		
Bankers' acceptances	5,109,000	4,350,000
Short-term loan	3,075,000	3,075,000
Bank overdrafts	<u>34,350,440</u>	<u>17,525,221</u>
	<u>42,534,440</u>	<u>24,950,221</u>
Subsidiary companies:		
Revolving credit	4,627,000	500,000
Bankers' acceptances	3,703,352	3,008,000
Bank overdrafts	500,000	17,872,048
Long-term loans - current portion	<u>1,584,000</u>	<u>1,620,000</u>
	<u>10,414,352</u>	<u>23,000,048</u>
The Group	<u><u>52,948,792</u></u>	<u><u>47,950,269</u></u>

The Group and the Company have bank overdrafts and other credit facilities amounting to RM62.3 million and RM22.2 million (2002: RM62.3 million and RM22.2 million) respectively. The credit facilities of the Group and of the Company bear interest at rates ranging from 4% to 9% (2002: 4% to 9%) per annum.

Amounts owing to certain banks and other financial institutions of the Group and of the Company amounting to about RM36,163,000 (2002: RM36,163,000) and RM33,898,000 (2002: RM22,233,000) respectively, form part of the unsecured scheme creditors under the Proposal as mentioned in Note 33.

The credit facilities of the Group and of the Company are obtained by a negative charge over all its assets. The credit facilities of the subsidiary companies from certain banks are guaranteed by the Company.

Certain bank borrowings of the Company are secured by the following:

- (i) a first and second legal charge over the said former subsidiary company's freehold land and building of a former subsidiary company;
- (ii) a loan agreement cum assignment over a property belonging to a director of a former subsidiary company;
- (iii) a debenture by way of a first fixed and floating charge on a former subsidiary company's assets both present and future; and
- (iv) a joint and several guarantee by the directors of the former subsidiary company.

23. **FINANCE LEASE PAYABLES**

	← The Group →			
	Minimum lease payments		Present value of minimum lease payments	
	2003 RM	2002 RM	2003 RM	2002 RM
Amount payable under finance lease:				
Within one year	706,750	685,099	573,631	502,076
In the second to fifth years inclusive	<u>1,150,499</u>	<u>1,768,838</u>	<u>975,693</u>	<u>1,515,288</u>
	1,857,249	2,453,937	1,549,324	2,017,364
Less: Future finance charges	<u>(307,925)</u>	<u>(436,573)</u>	<u>-</u>	<u>-</u>
Present value of lease payables	<u>1,549,324</u>	<u>2,017,364</u>	1,549,324	2,017,364
Less: Portion due within one year			<u>(573,631)</u>	<u>(502,076)</u>
Non-current portion			<u>975,693</u>	<u>1,515,288</u>

The non-current portion is repayable as follows:

	The Group	
	2003 RM	2002 RM
Due within:		
2 years	480,660	558,305
3 years	351,978	464,375
4 years	141,263	328,855
Greater than 4 years	<u>1,792</u>	<u>163,753</u>
	<u>975,693</u>	<u>1,515,288</u>

For the financial year ended December 31, 2003 the average effective borrowing rate is 10.96% (2002: 10.96%) per annum. Interest rates are fixed at the inception of the lease. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

24. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Total outstanding principal	832,542	918,290	164,211	-
Less: Portion due within one year	<u>(786,468)</u>	<u>(809,385)</u>	<u>(164,211)</u>	<u>-</u>
Non-current portion	<u>46,074</u>	<u>108,905</u>	<u>-</u>	<u>-</u>

The non-current portion is repayable as follows:

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Due within:				
2 years	39,824	62,830	-	-
3 years	6,250	39,825	-	-
4 years	-	6,250	-	-
	<u>46,074</u>	<u>108,905</u>	<u>-</u>	<u>-</u>

Certain hire-purchase payables of the Group amounting to about RM780,000 (2002: RM780,000), form part of the unsecured scheme creditors under the Proposal as mentioned in Note 33.

The interest rates implicit in the hire-purchase payables of the Group and of the Company range from 5.95% to 6.80% (2002: 5.95% to 6.80%) per annum.

25. LONG-TERM LOANS

	The Group	
	2003 RM	2002 RM
Outstanding loan principal	5,220,000	5,560,000
Less: Portion due within one year (included under bank borrowings) (Note 22)	<u>(1,584,000)</u>	<u>(1,620,000)</u>
Non-current portion	<u>3,636,000</u>	<u>3,940,000</u>

The non-current portion is repayable as follows:

	2003 RM	2002 RM
Due within:		
2 years	1,584,000	1,800,000
3 years	2,052,000	1,480,000
4 years	-	240,000
Greater than 4 years	-	420,000
	<u>3,636,000</u>	<u>3,940,000</u>

A subsidiary company has term loan facilities obtained from certain local banks amounting to RM9.2 million (2002: RM9.2 million) which bear interest at rates ranging from 3.75% to 8.4% (2002: 4% to 9%) per annum. The term loan facilities are secured by:

- (i) a fixed charge on the leasehold land and buildings of a subsidiary company with carrying values totalling about RM 9,731,226 (2002: RM10,248,042) as of December 31, 2003;
- (ii) a first fixed and floating charge on all the assets of the subsidiary company; and
- (iii) a corporate guarantee by the Company.

26. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
At beginning of year (Note 28)	1,559,000	1,368,000	301,000	301,000
Transfer (to)/from consolidated income statement (Note 11)	<u>(220,000)</u>	<u>191,000</u>	<u>-</u>	<u>-</u>
At end of year	<u>1,339,000</u>	<u>1,559,000</u>	<u>301,000</u>	<u>301,000</u>