

Notes to Condensed Consolidated Financial Statements

1. Accounting policies

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and International Accounting Standard 34 “Interim Financial Reporting”.

The accounting policies adopted are consistent with those followed in the Group’s annual financial statements for the year ended 31st December, 2002.

2. Segmental information

Turnover represents rental income, dividend income and the net invoiced value of sales after allowances for goods returned and trade discounts, and after the elimination of intra-group transactions.

An analysis of turnover by activity and geographical location is as follows:

Turnover:

	Six months ended 30th June,		Year ended 31st December,
	2003	2002	2002
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
By activity:			
Feedmill and poultry operations	758,980	704,889	1,542,090
Investment properties	20	82	106
	<u>759,000</u>	<u>704,971</u>	<u>1,542,196</u>
By geographical location:			
People’s Republic of China (“PRC”):			
Hong Kong	20	82	106
Elsewhere	<u>669,791</u>	<u>647,062</u>	<u>1,415,510</u>
	669,811	647,144	1,415,616
Turkey	<u>89,189</u>	<u>57,827</u>	<u>126,580</u>
	<u>759,000</u>	<u>704,971</u>	<u>1,542,196</u>

The above analysis does not include the turnover of the Group’s jointly controlled entities and associates.





3. Other income, net

	Six months ended 30th June,		Year ended 31st December,
	2003	2002	2002
	(Unaudited)	(Unaudited)	(Audited)
	US\$ '000	US\$ '000	US\$ '000
Amortisation of deferred restructuring expenses	-	(931)	(1,862)
Gain on disposal of short term investments	3,754	44,505	579
Unrealised gain/(loss) of short term investments	(604)	3,829	21,358
Tax refund in respect of re-investments	46	-	1,013
Interest income	1,046	1,637	3,016
Gain on disposal of interests in associates	-	-	87,556
Gain on disposal of interests in jointly controlled entities	-	-	1,918
Revaluation deficit on land and buildings	-	-	(153)
Revaluation deficit on investment properties	-	-	(258)
Impairment loss in respect of fixed assets	-	-	(8,320)
Impairment loss in respect of investments in jointly controlled entities	-	-	(901)
Impairment loss in respect of goodwill	-	-	(1,652)
	4,242	49,040	102,294

4. Profit/(Loss) from operating activities

	Six months ended 30th June,		Year ended 31st December,
	2003	2002	2002
	(Unaudited)	(Unaudited)	(Audited)
	US\$ '000	US\$ '000	US\$ '000

The Group's profit/(loss) from operating activities
is arrived at after charging/(crediting):

Foreign exchange loss/(gain), net	(1,129)	1,008	2,161
Depreciation	29,651	24,459	68,972
Staff costs	45,346	42,882	90,111
Loss/(Gain) on disposal of fixed assets, net	(527)	153	652
Amortisation of goodwill	121	123	242

5. Tax

	Six months ended 30th June,		Year ended 31st December,
	2003	2002	2002
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
The Company and subsidiaries:			
Provision for taxation in respect of profit for the period:			
PRC:			
Hong Kong	-	-	-
Elsewhere	2,545	4,239	6,870
Overseas	3,058	-	2,684
Deferred tax credit	-	-	(81)
	<u>5,603</u>	<u>4,239</u>	<u>9,473</u>
Underprovision in the prior year:			
PRC:			
Hong Kong	-	-	-
Elsewhere	-	-	345
	<u>-</u>	<u>-</u>	<u>345</u>
Jointly controlled entities:			
PRC:			
Hong Kong	-	-	-
Elsewhere	1,827	2,129	4,983
	<u>1,827</u>	<u>2,129</u>	<u>4,983</u>
Associates:			
PRC:			
Hong Kong	-	-	-
Elsewhere	16	132	304
	<u>16</u>	<u>132</u>	<u>304</u>
Tax charged for the period	<u>7,446</u>	<u>6,500</u>	<u>15,105</u>

No provision for Hong Kong taxation has been made as the Group earned no assessable income in Hong Kong during the period (2002: nil).

The overseas tax represents corporation tax payable in Turkey in respect of income earned during the period (2002: nil).



6. Loss per share is calculated based on the net loss from ordinary activities attributable to shareholders of US\$31,109,000 (net profit for the six months ended 30th June, 2002: US\$47,573,000) and the weighted average of 2,158,480,786 shares (2002: 2,158,480,786 shares) of the Company in issue during the period.

As the exercise price of options outstanding during the period is higher than the average market price of the Company's shares during the respective periods, the diluted earnings/loss per share for the periods ended 30th June, 2003 and 2002 are not presented because the impact of the options is anti-dilutive.

7. Accounts receivable, other receivables and deposits

The Group normally grants a credit policy of 0 to 30 days. An aging analysis of the accounts receivable, other receivables and deposits of the Group are as follows:

	30th June, 2003 (Unaudited) US\$'000	31st December, 2002 (Audited) US\$'000
Accounts receivable:		
Less than 90 days	30,994	33,591
91 to 180 days	940	1,711
181 to 365 days	1,806	431
Over 365 days	8,482	7,813
	42,222	43,546
Other receivables and deposits	66,030	65,450
	108,252	108,996
Less: Provision for bad and doubtful debts	(14,422)	(14,457)
	93,830	94,539





8. Accounts payable, other payables and accrued expenses

An aging analysis of the accounts payable, other payables and accrued expenses of the Group are as follows:

	30th June, 2003 (Unaudited) US\$'000	31st December, 2002 (Audited) US\$'000
Accounts payable:		
Less than 90 days	97,031	97,708
91 to 180 days	11,101	6,151
181 to 365 days	2,727	2,146
Over 365 days	1,900	1,768
	112,759	107,773
Other payables and accrued expenses	100,044	87,917
	212,803	195,690

9. Reserves

	Contributed surplus US\$'000	Fixed asset revaluation reserve US\$'000	General reserve US\$'000	Capital reserve US\$'000	Reserve fund US\$'000	Expansion fund US\$'000	Exchange equalization reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
1st January, 2003	6,093	9,347	(1,783)	36,912	22,766	13,727	(44,947)	(49,650)	(7,535)
Exchange realignments	-	2,078	-	27	-	-	-	-	2,105
Deficit on revaluation	-	(3,753)	-	-	-	-	-	-	(3,753)
Exchange gain arising from translation of foreign currency financial statements	-	-	-	-	-	-	721	-	721
Transfer from/(to) profit and loss account	-	-	-	217	1,604	(452)	-	(1,369)	-
Loss for the period	-	-	-	-	-	-	-	(31,109)	(31,109)
30th June, 2003	6,093	7,672	(1,783)	37,156	24,370	13,275	(44,226)	(82,128)	(39,571)

10. Related party transactions

- (a) A portion of the Group's sales and purchases transactions, together with certain less significant commercial transactions, are with companies in which Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Dhanin Chearavanont, Mr. Sumet Jiaravanon, Mr. Prasert Poongkumarn, Mr. Min Tieworn, Mr. Thirayut Phitya-Isarakul, Mr. Thanakorn Seriburi and Mr. Veeravat Kanchanadul, directors of the Company, have beneficial interests. Details of major related party transactions are set out as follows:

	Notes	Six months ended 30th June,		Year ended 31st December,
		2003 (Unaudited) US\$'000	2002 (Unaudited) US\$'000	2002 (Audited) US\$'000
Sales of goods to jointly controlled entities and associates	(i)	10,787	8,040	15,752
Sales of goods to related companies	(i)	21,631	1,097	12,513
Purchases of raw materials from jointly controlled entities and associates	(ii)	10,395	20,245	38,826
Purchases of raw materials from related companies	(ii)	8,075	12,671	23,753

Notes:

- (i) The sales of goods were made according to the published prices and conditions offered to the major customers of the Group, except that a longer credit period was normally granted.
- (ii) The purchases of raw materials were made according to the published prices and conditions offered to the major customers of the supplier, except that a longer credit period was normally granted.
- (b) During the period, the Company paid an advisory fee of US\$50,000 (six months ended 30th June, 2002: US\$50,000) to Charoen Pokphand Group Company Limited for the provision of technical and management support services to the Group.

Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Dhanin Chearavanont and Mr. Sumet Jiaravanon, directors of the Company, have beneficial interests in the share capital of Charoen Pokphand Group Company Limited.

