



ASIATIC DEVELOPMENT BERHAD

(Incorporated in Malaysia under Company No : 34993-X)
 10th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia. P.O. Box 11224,
 50740 Kuala Lumpur. Tel: 03-21613733/2023733 Fax: 03-21616149
 Website: <http://www.asiatic.com.my> E-mail: info@asiatic.com.my

FIRST QUARTERLY REPORT

28 May 2003

Quarterly report on consolidated results for the financial period ended 31 March 2003. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2003

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/03/2003 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2002 RM'000	CURRENT YEAR TO-DATE 31/03/2003 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2002 RM'000
Revenue	169,792	59,738	169,792	59,738
Cost of sales	(51,782)	(32,054)	(51,782)	(32,054)
Gross profit	118,010	27,684	118,010	27,684
Other income	2,136	3,538	2,136	3,538
Other expenses				
- Goodwill written off [[see Note 8(a)(i)]]	(49,732)	-	(49,732)	-
- Others	(9,728)	(10,079)	(9,728)	(10,079)
Profit from operations	60,686	21,143	60,686	21,143
Share of results of associated companies	844	623	844	623
Profit from ordinary activities before taxation	61,530	21,766	61,530	21,766
Taxation	(24,993)	(3,772)	(24,993)	(3,772)
Profit from ordinary activities after taxation	36,537	17,994	36,537	17,994
Minority shareholders' interests	(12,734)	196	(12,734)	196
Net profit for the period	23,803	18,190	23,803	18,190
Basic earnings per share - sen	3.21	2.45	3.21	2.45
Diluted earnings per share - sen	3.21	2.45	3.21	2.45

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2002.)



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2003

	(Unaudited) AS AT END OF CURRENT FINANCIAL PERIOD 31/03/2003 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31/12/2002 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	743,211	719,921
Real property assets	238,568	247,474
Associated companies	10,380	9,810
Long term receivables from an associated company	5,897	5,897
Investments	289	289
Deferred taxation	2,871	3,432
CURRENT ASSETS		
Property development	91,615	86,957
Inventories	114,506	111,513
Trade and other receivables	30,516	37,795
Amount due from associated companies	1,007	763
Short term investments	84,876	63,535
Bank balances and deposits	55,620	49,543
	<u>378,140</u>	<u>350,106</u>
CURRENT LIABILITIES		
Trade and other payables	73,671	62,542
Amount due to holding and other related companies	183	1,025
Taxation	20,137	4,174
	<u>93,991</u>	<u>67,741</u>
NET CURRENT ASSETS	<u>284,149</u>	<u>282,365</u>
	<u>1,285,365</u>	<u>1,269,188</u>
FINANCED BY		
SHARE CAPITAL	370,668	370,668
RESERVES	876,862	853,059
SHAREHOLDERS' EQUITY	<u>1,247,530</u>	<u>1,223,727</u>
MINORITY INTERESTS	7,775	12,504
NON-CURRENT LIABILITIES		
Long term borrowings	-	5,388
Deferred taxation	23,531	21,040
Provision for Directors' retirement gratuities	6,529	6,529
	<u>30,060</u>	<u>32,957</u>
	<u>1,285,365</u>	<u>1,269,188</u>
NET TANGIBLE ASSETS PER SHARE (RM)	<u>1.68</u>	<u>1.65</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2002.)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2003

	Non-Distributable				Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Reserve on Exchange Differences RM'000	Unappro- priated Profit RM'000	
Balance at 1 January 2003 as previously reported	370,668	25,663	19,631	(715)	815,850	1,231,097
Prior years' adjustments <i>[see Note I(a)]</i>	-	-	(1,270)	-	(6,100)	(7,370)
As restated	370,668	25,663	18,361	(715)	809,750	1,223,727
Net profit for the current financial year-to-date	-	-	-	-	23,803	23,803
Balance at 31 December 2003	370,668	25,663	18,361	(715)	833,553	1,247,530

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2002.)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2003

Current Year
To-date
31/03/2003
RM'000

CASH FLOW FROM OPERATING ACTIVITIES

Profit from ordinary activities before taxation	61,530
Adjustments for:	
Depreciation of property, plant and equipment	3,099
Interest income	(844)
Share of results of associated companies	(844)
Net surplus arising from freehold land compulsorily acquired by the Government	(269)
Gain on disposal of land	(69,058)
Goodwill written off	49,732
Other adjustments	15
	(18,169)
Operating profit before changes in working capital	43,361
Changes in working capital:	
Net change in current assets	4,544
Net change in current liabilities	15,112
	19,656
Cash generated from operations	63,017
Tax paid	(6,457)
NET CASH GENERATED FROM OPERATING ACTIVITIES	56,560
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(29,067)
Other investing activities	(75)
NET CASH USED IN INVESTING ACTIVITIES	(29,142)
CASH FLOWS FROM FINANCING ACTIVITIES	
Dividend paid	-
Dividend paid to minority shareholders	-
NET CASH USED IN FINANCING ACTIVITIES	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,418
CASH AND CASH EQUIVALENTS AT 1 JANUARY	113,078
Effect of currency translation	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	140,496
ANALYSIS OF CASH AND CASH EQUIVALENTS	
Short term investments	84,876
Bank balances and deposits	55,620
Cash and cash equivalents at end of financial period	140,496

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2002.)

ASIATIC DEVELOPMENT BERHAD
NOTES TO THE INTERIM FINANCIAL REPORT – FIRST QUARTER ENDED 31 MARCH
2003

D) Compliance with MASB 26

a) Accounting Policies and Methods of Computation

The Interim Financial Report has been prepared in accordance with *MASB 26 - Interim Financial Reporting and paragraph 9.22 of the Kuala Lumpur Stock Exchange (“KLSE”) Listing Requirements*. Comparative information on Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Cash Flow Statement which are required under MASB 26 are however not presented as the Group has applied the exemption provided by the KLSE.

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2002.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the year ended 31 December 2002 and include new approved accounting standards which are effective and applicable in the current financial year.

Consequently, in compliance with *MASB 25 - Income Taxes*, deferred tax liabilities and/or assets are recognised for all temporary differences and this has been applied retrospectively by the Group. However, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised. Deferred tax liability in respect of asset revaluations is also recognised. The effects on adoption of *MASB 25* have been adjusted through prior years’ adjustments and summarised below:

	Balance at 31 December 2002		
	As previously reported RM’000	Prior years’ adjustments RM’000	As restated RM’000
Deferred tax liabilities	10,238	10,802	21,040
Deferred tax assets	-	3,432	3,432
Unappropriated profit	815,850	(6,100)	809,750
Revaluation reserve	19,631	(1,270)	18,361

The above adjustments have the effect of reducing the Net Tangible Assets per share as at 31 December 2002 to RM1.65 from RM1.66.

The effect on tax expense and earnings per share of the Group are separately set out below:

	As previously reported RM’000	Effect RM’000	As restated RM’000
Financial period ended 31.3.2002	4,206	(434)	3,772
Basic earnings per share (sen/share)	2.40	0.05	2.45
Diluted earnings per share (sen/share)	2.39	0.06	2.45

b) *Disclosure of Audit Report Qualification and Status of Matters Raised*

The audit report of the preceding annual financial statements was not qualified.

c) *Seasonal or Cyclical Factors*

The production of fresh fruit bunches (“FFB”) is seasonal in nature and normally peaks in the second half of the year.

d) *Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow*

The unusual items which affected the interim financial statements for the current financial year-to-date were as follows:

- i) The completion of the disposal of 953 acres of land to Ambang Budi Sdn Bhd (“ABSB”) as reported in *Note 8(a)(ii)*. Arising from this disposal, a gain of RM69.1 million was realised during the current quarter and included in gross profit. The related tax charge of RM16.2 million had been provided. The disposal had resulted in a reduction of approximately RM13.6 million in real property assets of the Group.

The above disposal had no cash flow effect as the sale consideration of RM82.7 million was utilised to set off the following interdependent transactions with ABSB:

- the purchase consideration of RM77.3 million on the acquisition of the remaining 30% equity interest in Asiatic Indahpura Development Sdn Bhd (“AIDSB”) as set out in *Note 8(a)(i)*; and
- the borrowings of RM5.4 million from ABSB [*see Note II(9)*].

- ii) The above acquisition had resulted in a goodwill arising on acquisition amounting to RM49.7 million and was charged to the income statement in the current quarter in accordance with the Group’s accounting policy.

e) *Material Changes in Estimates*

There were no significant changes made in estimates of amounts reported in prior interim periods of prior financial years.

f) *Changes in Debt and Equity Securities*

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial year-to-date.

g) *Dividend Paid*

No dividend has been paid during the current financial year-to-date.

h) Segment Information

Segment analysis for the current financial year-to-date is set out below:

	Plantation RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue – external	81,530	88,262	-	169,792
Segment profit	39,568	69,381	356	109,305
Net surplus arising from land compulsorily acquired by the Government	264	5	-	269
Goodwill written off [(see Note 8(a)(i))]	-	(49,732)	-	(49,732)
Interest income				844
Share of results of associated companies	692	152	-	844
Profit from ordinary activities before taxation				61,530
Taxation				(24,993)
Profit from ordinary activities after taxation				36,537
Minority interests				(12,734)
Net profit for the current financial year-to-date				23,803

i) Valuation of Property, Plant and Equipment

There were no changes to valuation of property, plant and equipment brought forward from the previous financial year.

j) Material Events Subsequent to the End of Financial Period

Pursuant to a supplemental agreement dated 10 April 2003, the Company has completed the acquisition of a 70% equity interest in Kenyalang Borneo Sdn Bhd for a revised purchase consideration of RM857,080.

Other than the above, there were no other material events subsequent to the end of the current financial year-to-date that have not been reflected in the financial statements.

k) Changes in the Composition of the Group

Other than the acquisition of the remaining 30% equity in Asiatic Indahpura Development Sdn Bhd on 1 March 2003, an indirect subsidiary company, there were no other material changes in the composition of the Group for the current financial year-to-date including acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

l) Changes in Contingent Liabilities or Contingent Assets

There were no significant changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2002

m) Capital Commitments

Capital commitments in respect of property, plant and equipment not provided for in the financial statements as at 31 March 2003 are as follows:

	RM'000
Contracted	16,028
Not contracted	31,987
	<u>48,015</u>

**ADDITIONAL INFORMATION REQUIRED BY THE KUALA LUMPUR STOCK EXCHANGE –
FIRST QUARTER ENDED 31 MARCH 2003**

II) Compliance with Appendix 9(B) of the KLSE Listing Requirements

1) Review of Performance

The results for Group are tabulated below:

	Individual Quarter			Preceding Quarter	
	2003 RM'Million	2002 RM'Million	% +/-	4Q2002 RM'Million	% +/-
Revenue					
Plantation	81.5	53.9	+51	85.2	-4
Property					
- Progressive revenue	5.6	5.8	-3	12.1	-54
- Sale of land [see Note 1(d)]	82.7	-	N/A	-	N/A
	88.3	5.8	N/A	12.1	N/A
	-----	-----		-----	
	169.8	59.7	+184	97.3	+75
	=====	=====		=====	
Profit before tax and unusual items					
Plantation	39.6	18.7	+111	36.7	+8
Property	0.3	0.3	-	7.7	-96
Others	1.9	2.8	-32	2.4	-21
	-----	-----		-----	
	41.8	21.8	+92	46.8	-11
Gain on disposal of land [see Note 1(d)]	69.1	-	N/A	-	N/A
Goodwill written off [(see Note 8(a)(i))]	(49.7)	-	N/A	-	N/A
Net surplus arising from freehold land compulsorily acquired by the Government	0.3	-	N/A	10.0	-97
Provision for doubtful recoveries	-	-	-	(4.9)	N/A
	-----	-----		-----	
Profit before tax	61.5	21.8	+182	51.9	+18
	=====	=====		=====	

For the current quarter, the Group registered an overall increase in revenue of 184% against that of the previous year's corresponding period. Excluding the revenue arising from the sale of land, the increase was mainly from the plantation segment.

Profit before tax and unusual items for the current quarter over the corresponding period improved by 92%. The improvement in performance was mainly attributable to higher palm products prices and FFB production along with profit contribution from the newly acquired oil palm estates.

After inclusion of unusual items, profit before tax of the Group for the current quarter was 182% higher than that of the previous year's corresponding period.

2) ***Material Changes in Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter***

The Group achieved a higher profit before tax of RM61.5 million in the current quarter as compared to RM51.9 million in the preceding quarter or an increase of 18%. The profit before tax of the Group for the current quarter was affected by the unusual items as set out in *Note 11(1)*. Excluding these unusual items, the pre-tax profit of the Group declined by 11% mainly due to lower profit from the property segment which more than offset the higher profit from the plantation segment. Despite higher property sales in the current quarter, pre-tax profit from the property segment was 96% lower than the preceding quarter as a result of lower billings recorded. On the back of higher selling prices of palm products in the current quarter, pre-tax profit of the plantation segment was 8% higher than the preceding quarter.

3) ***Prospects***

The newly acquired oil palm estates along with overall improvement in yields are expected to boost FFB production of the Group in the current financial year. Barring any unforeseen circumstances, the Directors are of the opinion that the operating performance of the Group for the current financial year is expected to be satisfactory.

4) ***Variance of Actual Profit from Forecast Profit***

The Group did not issue any profit forecast or profit guarantee for the year.

5) ***Taxation***

Tax charges for the current financial year-to-date are as set out below:

	Current Year To-date RM'000
Malaysian income tax	
- Current	23,043
- Deferred tax charge	1,676
Share in tax of associated companies	274

	24,993
	=====

The effective tax rate for the current financial year-to-date is higher than the statutory tax rate mainly due to the writing off of goodwill which is not deductible for tax purposes despite utilisation of agriculture allowance and reinvestment allowance.

6) ***Profit on Sale of Unquoted Investments and/or Properties***

The results for the current quarter do not include any profit or loss on sale of unquoted investments and properties of the Group other than the unusual gain as disclosed in *Note 1(d)*.

7) ***Quoted Securities Other than Securities in Existing Subsidiary and Associated Companies***

- a) There were no dealings in quoted securities for the current quarter.
- b) The details of the investments in quoted shares as at 31 March 2003 are as set out below:

	RM'000
Total investments at cost	8,282
Total investments at book value	289
Total investments at market value	393

8) ***Status of Corporate Proposals Announced***

- a) The following proposals which were announced on 11 October 2002, were completed on 1 March 2003:
 - i) Proposed acquisition by Asiatic Land Development Sdn Bhd of the remaining 30% equity interest in AIDS B from ABSB for a total purchase consideration of RM77,319,000; and
 - ii) Proposed disposal by AIDS B of approximately 953 acres of land located at Mukim Senai-Kulai, Daerah Johor Bahru, Johor Darul Takzim to ABSB for a total sale consideration of RM82,707,000.

The financial effects of the above proposals are set out in *Notes I(d) and II(1)* respectively.

- b) On 28 April 2003, the Company announced that the present mandate granted by the shareholders of the Company on 24 June 2002 for the Share Buy-Back will expire at the conclusion of the forthcoming Annual General Meeting. In this regard, the Company proposed to seek from its shareholders at an Extraordinary General Meeting (“EGM”) to be convened, a renewal of the authority to purchase up to ten percent (10%) of the issued and paid-up share capital of the Company comprising of 741,335,000 ordinary share of 50 sen each as at 28 April 2003 (“the Proposed Share Buy Back”).

As at 21 May 2003, the Proposed Share Buy Back is subject to the approval of the shareholders of the Company at an EGM to be convened.

9) ***Group Borrowings and Debt Securities***

Pursuant to a deed of settlement, the Group’s borrowings of RM5,388,000 was settled on 1 March 2003 along with the completion of the proposal as set out in *Note 8(a)*.

As at 31 March 2003, the Group does not have any borrowings or debts securities.

10) ***Off Balance Sheet Financial Instruments***

There are no off balance sheet financial instruments as at 21 May 2003.

11) *Changes in Material Litigation*

As announced on 30 October 2002, the Company and Tanjung Bahagia Sdn Bhd (“TBSB”), a wholly-owned subsidiary of the Company, together with 3 other parties, had been named as defendants in the Writ of Summons dated 11 October 2002 in the High Court of Sabah and Sarawak at Kota Kinabalu (“the Suit”). The Suit was instituted by natives claiming Native Customary Rights over the land acquired by TBSB from Hap Seng Consolidated Berhad (as announced on 20 June 2001) (“the Tongod Land”) or part thereof.

Subsequently, the plaintiffs had also applied for an interlocutory injunction to restrain the Company and TBSB from entering, trespassing, clearing, using or occupying the Tongod Land or part thereof (“the Injunction”). Our Solicitors are of the opinion that the plaintiffs’ action is unsustainable and misconceived and it is unlikely for the plaintiffs to succeed.

The Company and TBSB had on 26 February 2003 filed an application to strike out the Suit. The application was heard on 25 March 2003 and the parties were ordered by the Court to file written submissions. All written submissions have been filed in Court and the matter had been fixed for ruling/further oral submissions on 13 June 2003.

As at 21 May 2003, being the last practicable date from the date of issue of this quarterly report, the Court has yet to fix a date for hearing of the Injunction. However, in the event that the application for striking out of the Suit is successful, the Injunction would also be dismissed.

12) *Dividend Proposed or Declared*

No dividend has been declared or proposed for the current quarter ended 31 March 2003.

13) *Earnings per Share*

	Individual Quarter	
	31/3/2003	31/3/2002
a) Basic earnings per share		
Net profit for the period (<i>RM'000</i>)	23,803	18,190
Weighted number of ordinary shares in issue	741,335,000	741,335,000
Basic earnings per share (<i>sen</i>)	3.21	2.45
b) Diluted earnings per share		
Net profit for the period (<i>RM'000</i>)	23,803	18,190
Adjusted weighted number of ordinary shares in issue		
Weighted number of ordinary shares in issue	741,335,000	741,335,000
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	876,077	821,087
	742,211,077	742,156,087
Diluted earnings per share (<i>sen</i>)	3.21	2.45

By order of the Board

TAN SRI MOHD AMIN BIN OSMAN
Chairman
Asiatic Development Berhad