



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: 03-21613733/20323733 Fax: 03-21616149
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THIRD QUARTERLY REPORT

20 November 2003

Quarterly report on consolidated results for the third quarter ended 30 September 2003. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2003

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/09/2003 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2002 RM'000	CURRENT YEAR TO-DATE 30/09/2003 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2002 RM'000
Revenue	104,732	71,727	370,505	198,808
Cost of sales	(50,664)	(34,295)	(149,428)	(102,669)
Gross profit	54,068	37,432	221,077	96,139
Other income	2,869	2,611	18,165	9,614
Other expenses				
- Goodwill written off [[see Note I(d)(iv)]]	-	-	(49,732)	-
- Others	(12,484)	(10,129)	(33,238)	(30,219)
Profit from operations	44,453	29,914	156,272	75,534
Share of results of associated companies	988	2,076	2,387	3,052
Profit from ordinary activities before taxation	45,441	31,990	158,659	78,586
Taxation	(11,305)	(7,981)	(47,183)	(15,880)
Profit from ordinary activities after taxation	34,136	24,009	111,476	62,706
Minority shareholders' interests	(456)	(349)	(13,524)	(406)
Net profit for the period	33,680	23,660	97,952	62,300
Basic earnings per share - sen	4.54	3.19	13.21	8.40
Diluted earnings per share - sen	4.54	3.19	13.20	8.39

(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 30 SEPTEMBER 2003

	(Unaudited) AS AT END OF CURRENT FINANCIAL PERIOD 30/09/2003 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31/12/2002 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	752,975	719,921
Real property assets	235,314	247,474
Associated companies	10,272	9,810
Long term receivables from an associated company	4,917	5,897
Investments	289	289
Deferred taxation	2,614	3,432
CURRENT ASSETS		
Property development	97,769	86,957
Inventories	112,830	111,513
Trade and other receivables	41,688	37,795
Amount due from associated companies	1,060	763
Short term investments	109,767	63,535
Bank balances and deposits	82,536	49,543
	<u>445,650</u>	<u>350,106</u>
CURRENT LIABILITIES		
Trade and other payables	75,461	62,542
Amount due to holding and other related companies	80	1,025
Taxation	28,725	4,174
Dividend payable	9,341	-
	<u>113,607</u>	<u>67,741</u>
NET CURRENT ASSETS	<u>332,043</u>	282,365
	<u>1,338,424</u>	<u>1,269,188</u>
FINANCED BY		
SHARE CAPITAL	370,668	370,668
RESERVES	928,326	853,059
SHAREHOLDERS' EQUITY	<u>1,298,994</u>	<u>1,223,727</u>
MINORITY INTERESTS	8,548	12,504
NON-CURRENT LIABILITIES		
Long term borrowings	-	5,388
Deferred taxation	24,353	21,040
Provision for directors' retirement gratuities	6,529	6,529
	<u>30,882</u>	<u>32,957</u>
	<u>1,338,424</u>	<u>1,269,188</u>
NET TANGIBLE ASSETS PER SHARE (RM)	1.75	1.65

(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 30 SEPTEMBER 2003

	<i>Non-Distributable</i>				<i>Distributable</i>	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Reserve on Exchange Differences RM'000	Unappropriated Profit RM'000	
Balance at 1 January 2002 as previously reported	370,668	25,663	19,668	(699)	734,889	1,150,189
Prior period adjustments <i>[see Note I(a)]</i>	-	-	(1,270)	-	(7,835)	(9,105)
As restated	370,668	25,663	18,398	(699)	727,054	1,141,084
Net profit/(loss) not recognised in the income statement	-	-	(9)	-	9	-
Net profit for the current financial year-to-date as previously reported	-	-	-	-	60,998	60,998
Prior period adjustments	-	-	-	-	1,302	1,302
As restated	-	-	-	-	62,300	62,300
Appropriation:						
- Final dividend paid for the financial year ended 31 December 2001 <i>(2.0 sen less 28% tax)</i>	-	-	-	-	(10,675)	(10,675)
- Interim dividend payable for the half year ended 30 June 2002 <i>(1.625 sen less 28% tax)</i>	-	-	-	-	(8,674)	(8,674)
Balance at 30 September 2002	370,668	25,663	18,389	(699)	770,014	1,184,035
Balance at 1 January 2003 as previously reported	370,668	25,663	19,631	(715)	815,850	1,231,097
Prior period 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
Revaluation surplus realised upon sale of land	-	-	(218)	-	218	-
Net profit for the financial period	-	-	-	-	97,952	97,952
Appropriation:						
- Final dividend paid for the financial year ended 31 December 2002 <i>(2.5 sen less 28% tax)</i>	-	-	-	-	(13,344)	(13,344)
- Interim dividend payable for the half year ended 30 June 2003 <i>(1.75 sen less 28% tax)</i>	-	-	-	-	(9,341)	(9,341)
Balance at 30 September 2003	370,668	25,663	18,143	(715)	885,235	1,298,994

(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 30 SEPTEMBER 2003

	<i>Current Year To-date 30/09/2003 RM'000</i>	<i>Preceding Year To-date 30/09/2002 RM'000</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit from ordinary activities before taxation	158,659	78,586
Adjustments for:		
Depreciation of property, plant and equipment	9,696	6,921
Interest income	(3,054)	(4,022)
Share of results of associated companies	(2,387)	(3,052)
Net surplus arising from compulsory acquisition of freehold land	(7,315)	(509)
Gain on disposal of land	(69,058)	-
Goodwill written off	49,732	-
Other adjustments	(2,313)	(492)
	(24,699)	(1,154)
Operating profit before changes in working capital	133,960	77,432
Changes in working capital:		
Net change in current assets	(5,316)	(11,461)
Net change in current liabilities	14,539	7,818
	9,223	(3,643)
Cash generated from operations	143,183	73,789
Tax paid	(17,806)	(7,711)
NET CASH GENERATED FROM OPERATING ACTIVITIES	125,377	66,078
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(43,551)	(211,894)
Proceeds arising from compulsory acquisition of freehold land	7,795	621
Other investing activities	2,965	4,713
NET CASH USED IN INVESTING ACTIVITIES	(32,791)	(206,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(13,344)	(10,675)
Dividend paid to minority shareholders	(17)	(8)
NET CASH USED IN FINANCING ACTIVITIES	(13,361)	(10,683)
NET INCREASE IN CASH AND CASH EQUIVALENTS	79,225	(151,165)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	113,078	232,534
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	192,303	81,369
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	109,767	42,000
Bank balances and deposits	82,536	39,369
Cash and cash equivalents at end of financial period	192,303	81,369

(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
- THIRD QUARTER ENDED 30 SEPTEMBER 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*.

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 of the adoption of *MASB 25*, which has been applied retrospectively, are summarised below:

i) Impact on Balance Sheet:

	Balance at 31 December 2002		
	As previously reported RM'000	Prior period 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 restatement of the Group's reserves at the beginning of the year has the effect of reducing the Net Tangible Assets per share as at 31 December 2002 from RM1.66 as previously reported to RM1.65.

ii) *Impact on Income Statement:*

	Individual Quarter 30 September 2002			Financial Year-to-date 30 September 2002		
	As previously reported RM'000	Prior period adjustments RM'000	As restated RM'000	As previously reported RM'000	Prior period adjustments RM'000	As restated RM'000
Taxation	8,415	(434)	7,981	17,182	(1,302)	15,880

The above adjustment to the Income Statement has the effect of increasing the earnings per share of the Group as follows:

	Individual Quarter 30 September 2002		Financial Year-to-date 30 September 2002	
	As previously reported sen/share	As restated sen/share	As previously reported sen/share	As restated sen/share
Basic earnings	3.13	3.19	8.23	8.40
Diluted earnings	3.13	3.19	8.22	8.39

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

The audited report of the Group's preceding annual financial statements did not contain any qualification.

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 financial year-to-date (*Current quarter : Nil*) are as follows:

- i) A net surplus arising from compulsory acquisition of freehold land of RM7.3 million was included in other income for the current financial year-to-date.
- ii) The write back of RM3.4 million in the second quarter in respect of advances made to Kenyalang Borneo Sdn Bhd ("KBSB") and sums paid to various vendors of KBSB previously provided as doubtful recoveries. The write back was effected upon the completion of the acquisition of 70% equity interest in KBSB for a total consideration of RM0.9 million pursuant to a supplemental agreement dated 10 April 2003. This acquisition had no cash flow effect as the total consideration had been fully paid previously.

- iii) The completion of the disposal of 953 acres of land by Asiatic Indahpura Development Sdn Bhd (“AIDSB”), an indirect subsidiary company to Ambang Budi Sdn Bhd (“ABSB”) for a total consideration of RM82.7 million in the first quarter of 2003. Arising from this disposal, a gain of RM69.1 million was realised and included in gross profit. The related tax charge of RM16.2 million had been provided in the said quarter. 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 AIDSB; and
 - the borrowings of RM5.4 million from ABSB.
- iv) The above acquisition of the remaining equity interest in AIDSB had resulted in a goodwill of RM49.7 million and the entire amount was charged to the income statement in the first quarter of 2003 in accordance with the Group’s accounting policy.

e) Material Changes in Estimates

There were no significant changes in estimates of amounts reported in prior interim periods of the current financial year-to-date and that 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

The final dividend of 2.5 sen per ordinary share of 50 sen each, less 28% tax, for the financial year ended 31 December 2002 was paid on 25 July 2003.

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	269,299	101,206	-	370,505
Segment profit	<u>119,026</u>	<u>71,726</u>	<u>4,883</u>	<u>195,635</u>
Net surplus arising from compulsory acquisition of freehold land				7,315
Goodwill written off				(49,732)
Interest income				3,054
Share of results of associated companies	2,175	212	-	2,387
Profit from ordinary activities before taxation				158,659
Taxation				(47,183)
Profit from ordinary activities after taxation				111,476
Minority interests				(13,524)
Net profit for the current financial year-to-date				97,952

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

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current financial year-to-date.

k) Changes in the Composition of the Group

On 10 April 2003, the Company announced the completion of the acquisition of a 70% equity interest in Kenyalang Borneo Sdn Bhd (“KBSB”) for a revised purchase consideration of RM0.9 million pursuant to a supplemental agreement dated the same day.

KBSB, a private limited company incorporated in Malaysia, has been alienated a piece of agricultural land measuring approximately 5,000 hectares by the State Authority of Sarawak. The said land, which is held on a 60-year lease commencing July 1999, is situated at Medalam, Ulu Nanga Medamit, Limbang, Sarawak.

The above acquisition will not have any material impact on the net tangible assets per share and earnings per share of the Group.

Other than the above, there were no other material changes in the composition of the Group 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, other than the disclosure made in Note 11 of Part II of this interim financial report.

m) Capital Commitments

Authorised capital commitments in respect of property, plant and equipment not provided for in the financial statements as at 30 September 2003 are as follows:

	RM'000
Contracted	22,461
Not contracted	19,241

	41,702
	=====

**ADDITIONAL INFORMATION REQUIRED BY THE KUALA LUMPUR STOCK EXCHANGE –
THIRD QUARTER ENDED 30 SEPTEMBER 2003**

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

1) Review of Performance

The results of the Group are tabulated below:

	Current Quarter			Preceding Quarter			Financial Year -to-date		
	3Q2003	3Q2002	%	2Q2003	%	2003	2002	%	
	RM'Million	RM'Million	+/-	RM'Million	+/-	RM'Million	RM'Million	+/-	
Revenue									
Plantation	97.1	61.5	+58	90.7	+7	269.3	171.9	+57	
Property									
o Progressive revenue	7.6	10.2	-25	5.3	+43	18.5	26.9	-31	
o Sale of land <i>[see Note I(d)(iii)]</i>	-	-	N/A	-	N/A	82.7	-	N/A	
	7.6	10.2	-25	5.3	+43	101.2	26.9	N/A	
	104.7	71.7	+46	96.0	+9	370.5	198.8	+86	
Profit before tax and unusual items									
o Plantation	41.7	27.6	+51	37.7	+11	119.0	67.4	+77	
o Property	0.8	0.8	N/A	1.5	-47	2.7	2.5	+8	
o Others	2.9	3.6	-19	2.1	+38	6.9	8.2	-16	
	45.4	32.0	+42	41.3	+10	128.6	78.1	+65	
Net surplus arising from compulsory acquisition of freehold land <i>[see Note I(d)(i)]</i>	-	-	N/A	7.0	N/A	7.3	0.5	N/A	
Write back of doubtful recoveries <i>[see Note I(d)(ii)]</i>	-	-	N/A	3.4	N/A	3.4	-	N/A	
Gain on disposal of land <i>[see Note I(d)(iii)]</i>	-	-	N/A	-	N/A	69.1	-	N/A	
Goodwill written off <i>[see Note I(d)(iv)]</i>	-	-	N/A	-	N/A	(49.7)	-	N/A	
Profit before tax	45.4	32.0	+42	51.7	-12	158.7	78.6	+102	

For the current quarter and financial year-to-date, the Group registered an overall increase in revenue of 46% and 86% respectively against those of the previous year's corresponding periods. The increase was mainly due to higher revenue from the plantation segment and revenue arising from sale of land.

Profit before tax of the Group for the current quarter and financial year-to-date were higher than the previous year's corresponding periods mainly due to higher crude palm oil ("CPO") prices and FFB production along with profit contribution from the newly acquired oil palm estates and unusual items registered in the first half of the current financial year.

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

Profit before tax and unusual items for the current quarter of RM45.4 million was 10% higher than the preceding quarter mainly due to higher contribution from the plantation segment as a result of higher FFB production. Unlike the preceding quarter, no unusual items were registered in the current quarter. Consequently, inclusive of unusual items, the profit before tax of the Group for the current quarter was 12% lower 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 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 quarter and financial year-to-date are as set out below:

	Current Quarter RM'000	Current Financial Year-to-date RM'000
Malaysian income tax:		
Current tax	10,607	43,607
Deferred tax	378	2,755
Share of tax of associated companies	320	821
	-----	-----
	11,305	47,183
	=====	=====

The effective tax rate for the current quarter was lower than the statutory tax rate mainly due to certain non-taxable income and utilisation of agriculture and reinvestment allowances. On the other hand, the effective tax rate of the current financial year to date was higher than the statutory tax rate mainly due to certain non-tax deductible items.

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 gains as disclosed in Note (d) of Part I of this interim financial report.

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 30 September 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	643

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

As at 13 November 2003, there were no corporate proposals which have been announced but not completed.

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

The Group does not have any borrowings or debts securities as at 30 September 2003.

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

There are no off balance sheet financial instruments as at 13 November 2003.

11) ***Changes in Material Litigation***

The Company and Tanjung Bahagia Sdn Bhd (“TBSB”), a wholly-owned subsidiary company, had vide previous announcements informed shareholders on the status of the legal suit filed in the High Court of Sabah and Sarawak at Kota Kinabalu Suit No. K22-245 of 2002 wherein the Company and TBSB were named as the Second and Third Defendants respectively (“the Suit”). The Suit was instituted by certain natives (“the Plaintiffs”) claiming Native Customary Rights over the agricultural land or part thereof held under title number CL095330724 measuring approximately 8,830 hectares situated at Sungai Tongod, District of Kinabatangan, Sandakan, Sabah which was acquired by TBSB from Hap Seng Consolidated Berhad (“the Tongod Land”).

As announced previously, the Plaintiffs had 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”). The hearing of the Injunction which was earlier fixed on 5 November 2003 had been vacated. As at 13 November 2003, a new date for the said hearing has yet to be fixed.

Our solicitors maintain their opinion that the Plaintiffs’ action is misconceived and unsustainable.

12) ***Dividend Proposed or Declared***

- a) No dividend has been declared or recommended for the current quarter ended 30 September 2003.
- b) Total dividend declared for the current financial year-to-date was an interim dividend of 1.75 sen per ordinary share of 50 sen each less 28% tax and was paid on 21 October 2003.

13) *Earnings per Share*

	Current Quarter 30/9/2003	Current Financial Year-to-date 30/9/2003
a) Basic earnings per share		
Net profit for the period (<i>RM'000</i>)	33,680	97,952
	=====	=====
Weighted number of ordinary shares in issue	741,335,000	741,335,000
	=====	=====
Basic earnings per share (<i>sen</i>)	4.54	13.21
	=====	=====
b) Diluted earnings per share		
Net profit for the period (<i>RM'000</i>)	33,680	97,952
	=====	=====
<i>Adjusted weighted number of ordinary shares in issue</i>		
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	806,611	792,866
	742,141,611	742,127,866
	=====	=====
Diluted earnings per share (<i>sen</i>)	4.54	13.20
	=====	=====

TAN SRI MOHD AMIN BIN OSMAN
Chairman
Asiatic Development Berhad