



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: 03-21782255/23332255 Fax: 03-21641032
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SECOND QUARTERLY REPORT

25 August 2004

Quarterly report on consolidated results for the second quarter ended 30 June 2004. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2004

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/06/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2003 RM'000	CURRENT YEAR TO-DATE 30/06/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2003 RM'000
Revenue	114,044	95,981	207,716	265,773
Cost of sales	(60,344)	(46,982)	(106,414)	(98,764)
Gross profit	53,700	48,999	101,302	167,009
Other income	4,161	13,160	8,268	15,296
Other expenses				
- Goodwill written off	-	-	-	(49,732)
- Others	(12,169)	(11,026)	(22,075)	(20,754)
Profit from operations	45,692	51,133	87,495	111,819
Finance Cost	(238)	-	(238)	-
Share of results of associated companies	705	555	2,068	1,399
Profit from ordinary activities before taxation	46,159	51,688	89,325	113,218
Taxation	(6,774)	(10,885)	(15,721)	(35,878)
Profit from ordinary activities after taxation	39,385	40,803	73,604	77,340
Minority shareholders' interests	(595)	(334)	(955)	(13,068)
Net profit for the period	38,790	40,469	72,649	64,272
Basic earnings per share - sen	5.22	5.46	9.79	8.67
Diluted earnings per share - sen	5.20	5.45	9.74	8.66

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2003.)



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2004

	(Unaudited) AS AT END OF CURRENT FINANCIAL PERIOD 30/06/2004 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31/12/2003 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	981,097	759,502
Land held for development	237,240	236,116
Associated companies	11,199	11,672
Long term receivables from an associated company	4,917	4,917
Investments	-	653
Deferred taxation	3,727	2,011
CURRENT ASSETS		
Property development	98,959	94,741
Inventories	116,648	111,495
Trade and other receivables	43,757	40,766
Amount due from associated companies	984	745
Short term investments	58,615	117,183
Bank balances and deposits	49,239	90,326
	<u>368,202</u>	<u>455,256</u>
CURRENT LIABILITIES		
Trade and other payables	86,704	79,265
Amount due to holding and other related companies	197	881
Short term borrowings	60,000	-
Taxation	6,761	11,555
Dividend	14,700	-
	<u>168,362</u>	<u>91,701</u>
NET CURRENT ASSETS	<u>199,840</u>	<u>363,555</u>
	<u>1,438,020</u>	<u>1,378,426</u>
FINANCED BY		
SHARE CAPITAL	371,204	370,862
RESERVES	1,024,023	965,787
SHAREHOLDERS' EQUITY	1,395,227	1,336,649
MINORITY INTERESTS	9,476	9,227
NON-CURRENT LIABILITIES		
Deferred taxation	28,939	28,172
Provision for directors' retirement gratuities	4,378	4,378
	<u>33,317</u>	<u>32,550</u>
	<u>1,438,020</u>	<u>1,378,426</u>
NET TANGIBLE ASSETS PER SHARE (RM)	1.88	1.80

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2003.)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2004

	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 Profits RM'000	
Balance at 1 January 2004	370,862	25,826	18,143	(715)	922,533	1,336,649
Issue of shares <i>[see Note I(f)]</i>	342	287	-	-	-	629
Revaluation surplus realised upon sale of land	-	-	(28)	-	28	-
Net profit for the financial period	-	-	-	-	72,649	72,649
Final dividend payable for the financial year ended 31 December 2003 (2.75 sen less 28% tax)	-	-	-	-	(14,700)	(14,700)
Balance at 30 June 2004	371,204	26,113	18,115	(715)	980,510	1,395,227
Balance at 1 January 2003	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	-	-	-	-	64,272	64,272
Final dividend payable for the financial year ended 31 December 2002 (2.5 sen less 28% tax)	-	-	-	-	(13,344)	(13,344)
Balance at 30 June 2003	370,668	25,663	18,143	(715)	860,896	1,274,655

(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 2003.)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2004

	<i>Current Financial Year-to-date 30/06/2004 RM'000</i>	<i>Preceding Year Corresponding Period 30/06/2003 RM'000</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit from ordinary activities before taxation	89,325	113,218
Adjustments for:		
Depreciation of property, plant and equipment	7,489	6,431
Interest income	(2,500)	(1,848)
Share of results of associated companies	(2,068)	(1,399)
Net surplus arising from compulsory acquisition of freehold land	(812)	(7,315)
Gain on disposal of land	-	(69,058)
Goodwill written off	-	49,732
Other adjustments	(700)	130
	<u>1,409</u>	<u>(23,327)</u>
Operating profit before changes in working capital	90,734	89,891
Changes in working capital:		
Net change in current assets	(4,204)	182
Net change in current liabilities	8,703	13,023
	<u>4,499</u>	<u>13,205</u>
Cash generated from operations	95,233	103,096
Tax paid	(23,242)	(12,880)
Retirement gratuities paid	(2,981)	-
	<u>(26,223)</u>	<u>(12,880)</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES	69,010	90,216
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(124,699)	(39,261)
Acquisition of subsidiary companies *	(103,822)	-
Other investing activities	2,946	9,841
NET CASH USED IN INVESTING ACTIVITIES	(225,575)	(29,420)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares:		
- exercise of share options by executive employees	629	-
Proceeds from bank borrowings	79,000	-
Repayments of borrowings	(21,559)	-
Finance cost paid	(238)	-
Dividend paid to minority interest shareholders	(922)	(17)
NET CASH INFLOW FROM/(USED IN) FINANCING ACTIVITIES	56,910	(17)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(99,655)	60,779
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	207,509	113,078
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	107,854	173,857
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	58,615	99,457
Bank balances and deposits	49,239	74,400
Cash and cash equivalents at end of financial period	107,854	173,857

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2003.)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2004 *(Continued)*

*Current
Financial
Year-to-date
30/06/2004
RM'000*

* ANALYSIS OF THE ACQUISITION OF SUBSIDIARY COMPANIES

Net assets acquired and net cash outflow on acquisition of subsidiary companies are analysed as follows:

Property, plant and equipment	104,321
Inventories	60
Trade and other receivables	5,444
Bank balances and deposits	3,130
Trade and other payables	(1,165)
Taxation	(715)
Bank borrowings	(2,559)
Minority interests	(216)

Total purchase consideration	108,300
Less : Bank balances and deposits of subsidiary companies acquired	(3,130)
Outstanding purchase consideration to be paid	(1,348)

Net cash outflow on acquisition of subsidiary companies	103,822
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(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2003.)

ASIATIC DEVELOPMENT BERHAD
NOTES TO THE INTERIM FINANCIAL REPORT
- SECOND QUARTER ENDED 30 JUNE 2004

D) Compliance with MASB 26

a) Accounting policies and methods of computation

The interim financial report is unaudited and has been prepared in accordance with MASB 26 – “Interim Financial Reporting” and paragraph 9.22 of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) 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 2003. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2003 except for a change in the Group’s accounting policy on goodwill. It had been the Group’s policy to write-off goodwill arising on consolidation to the income statement when the acquisition occurs.

With effect from 1 January 2004, goodwill is recognised as an intangible asset and disclosed on the consolidated balance sheet at cost less any impairment losses. The carrying value of goodwill will be subject to annual impairment review and whenever events or changes in circumstances indicate that it may not be recoverable. An impairment charge will be recognised in the income statement when the results of such impairment review indicate that the carrying value of goodwill is impaired.

It is the management’s view that the change in accounting policy will result in a more appropriate presentation of goodwill in the Group’s financial statements and that this is in line with international best practice.

The change in accounting policy will be applied prospectively with effect from the current financial year as the resulting adjustment that relates to prior periods is not reasonably determinable. The comparative figures are therefore not restated.

In addition, the Group has complied with new approved accounting standards that are effective and applicable in the current financial year.

MASB 32 – Property Development Activities became operative for financial periods commencing 1 January 2004. Consequently, in compliance with the Standard, “Real property assets” has been renamed as “Land held for development”. Further, the comparatives in respect of property development and trade and other receivables have been restated whereby the excess of revenue recognised in the income statement over billings to purchasers is now presented as accrued billings within current assets. Previously, accrued billings was set off against property development. However, if the billings to purchasers exceed revenue recognised in the income statement, this will be presented as progress billings within current liabilities.

The change in accounting policy has been applied retrospectively as required by the Standard. Whilst there is no impact on the income statement, the effects of the reclassification on the balance sheet are summarised as follows:

Balances as at 31 December 2003	As previously reported RM’000	Effect on adoption of MASB 32 RM’000	As restated RM’000
Current Assets			
Property development	99,321	(4,580)	94,741
Trade and other receivables	36,186	4,580	40,766

As the Group was already in compliance with the recognition and measurement principles set forth by the standard, the above reclassifications do not have any impact on the Net Tangible Assets per share of the Group.

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

The audit report of the Group's annual financial statements for the financial year ended 31 December 2003 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 included in the interim financial statements for the half year ended 30 June 2004 are as follows:

- i) A net surplus of RM812,000 arising from compulsory acquisition of freehold land and plantation was included in other income of the Group;
- ii) The completion of the acquisition of the entire issued and fully paid-up capital of Trushidup Plantations Sdn Bhd, Wawasan Land Progress Sdn Bhd, Dianti Plantations Sdn Bhd, Cengkeh Emas Sdn Bhd and Kituva Plantations Sdn Bhd on 28 May 2004 ("the Completion Date") for a total cash consideration of RM108.3 million, is computed as follows:

	RM' Million
Original purchase consideration pursuant to the various Sale and Purchase Agreements	101.79
Adjustments upon completion of the due diligence exercise	(0.84)

Revised purchase consideration	100.95
Adjustments to unaudited net assets as at 28 May 2004	7.35

Adjusted purchase consideration subject to audit	108.30
Less : Outstanding purchase consideration to be paid	(1.35)

Purchase consideration paid	106.95
Less : Bank balances and deposits of subsidiary companies acquired	(3.13)

Cash outflow on acquisition	103.82
	=====

The original purchase consideration which was arrived at after taking into account, amongst others, the unaudited net tangible assets of the acquired companies as at 30 November 2003, is subject to an audit to be undertaken by the independent auditors. The audit will determine the difference between the net assets value of the acquired companies as at 30 November 2003 and the Completion Date and any difference will be settled by the Vendor or Purchaser as the case may be, upon the completion of the said audit; and

iii) Along with the completion of the acquisition of the above companies, the Group has also completed on the same day, the interdependent acquisitions of the following assets for a total cash consideration of RM103.2 million:

- Approximately 1,749 acres of plantation land together with a palm oil mill and other plantation assets located in the District of Kinabatangan, Sabah for a total cash consideration of RM50.3 million from Syarikat Trushidup Sdn Bhd (“STSB”).
- Other plantation assets for a total cash consideration RM1.0 million from Trushidup Resources Sdn Bhd.
- Approximately 5,110 acres of plantation land located in the District of Kinabatangan, Sabah for a total cash consideration of RM51.9 million from STSB.

The above cash consideration of RM103.2 million has been paid and included as part of cash outflow on purchase of property, plant and equipment in the condensed consolidated cash flow statement for the current financial year-to-date.

e) Material Changes in Estimates

There were no significant changes in estimates of amounts reported in 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 half year ended 30 June 2004 other than the issue of 684,000 new ordinary shares of 50 sen each, for cash, arising from the exercise of Option granted under the Asiatic Executive Share Option Scheme at an exercise price of 92 sen per ordinary share.

g) Dividend Paid

No dividend has been paid during the current quarter.

h) Segment Information

Segment analysis for the half year ended 30 June 2004 is set out below.

	Plantation RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue – external	181,859	25,857	-	207,716
Segment profit	79,415	2,699	2,069	84,183
Net surplus arising from compulsory acquisition of freehold land				812
Interest income				2,500
Finance Cost				(238)
Share of results of associated companies	1,962	106		2,068
Profit from ordinary activities before taxation				89,325
Taxation				(15,721)
Profit from ordinary activities after taxation				73,604
Minority interests				(955)
Net profit for the financial period				72,649

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 half year ended 30 June 2004.

k) Changes in the Composition of the Group

Other than the completion of the acquisition of the entire issued and paid-up capital of the various companies as mentioned in Note I(d)(ii) on 28 May 2004, 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 during the half year ended 30 June 2004.

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 2003, other than the disclosure made in Note 11 of Part II of this interim financial report.

m) Capital Commitments

Authorised capital commitments not provided for in the financial statements as at 30 June 2004 are as follows:

	Contracted RM'000	Not Contracted RM'000	Total RM'000
Property, plant and equipment	<u><u>37,576</u></u>	<u><u>26,944</u></u>	<u><u>64,520</u></u>

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA – SECOND QUARTER ENDED 30 JUNE 2004

II) Compliance with Appendix 9(B) of Bursa Malaysia Listing Requirements

1) Review of Performance

The results of the Group are tabulated below:

	Individual Quarter			Preceding Quarter		Financial Year-to-date		
	2Q2004 RM'Million	2Q2003 RM'Million	% +/-	1Q2004 RM'Million	% +/-	1H2004 RM'Million	1H2003 RM'Million	% +/-
Revenue								
Plantation	100.6	90.7	+11	81.3	+24	181.8	172.2	+6
Property								
o Progressive revenue	13.4	5.3	>100	12.4	+8	25.9	10.9	>100
o Sale of land <i>[see Note I(d)(iii)]</i>	-	-	N/A	-	N/A	-	82.7	N/A
	<u>13.4</u>	<u>5.3</u>	<u>>100</u>	<u>12.4</u>	<u>+8</u>	<u>25.9</u>	<u>93.6</u>	<u>-72</u>
	114.0	96.0	+19	93.7	+22	207.7	265.8	-22
Profit before tax and unusual items								
o Plantation	41.6	37.7	+10	37.8	+10	79.4	77.3	+3
o Property	1.2	1.5	-20	1.5	-20	2.7	1.8	+50
o Others	3.0	2.1	+43	3.4	-12	6.4	4.0	+60
	<u>45.8</u>	<u>41.3</u>	<u>+11</u>	<u>42.7</u>	<u>+7</u>	<u>88.5</u>	<u>83.1</u>	<u>+6</u>
Net surplus arising from compulsory acquisition of freehold land <i>[see Note I(d)(i)]</i>	0.4	7.0	-94	0.5	-20	0.8	7.3	-89
Write back of doubtful recoveries	-	3.4	N/A	-	N/A	-	3.4	N/A
Gain on disposal of land	-	-	N/A	-	N/A	-	69.1	N/A
Goodwill written off	-	-	N/A	-	N/A	-	(49.7)	N/A
Profit before tax	46.2	51.7	-11	43.2	+7	89.3	113.2	-21

The Group registered a 19% increase in revenue in the second quarter as compared to the corresponding quarter in 2003. The plantation segment achieved an increase of 11% on the back of higher achieved selling prices of palm products whilst the revenue of the property segment had recorded a more than 2-fold increase due to higher progress billings. On the other hand, revenue of the Group for the half year ended 30 June 2004 was 22% lower than the corresponding period in 2003. The reduction was mainly due to non-recurring revenue from disposal of land in the corresponding period in 2003. Excluding this item, the Group's revenue increased by 13% due to the aforementioned factors.

Profit before tax of the Group for the current quarter and half year ended 30 June 2004 were lower than the corresponding periods in 2003 by 11% and 21% respectively due to non-recurring items recorded in 2003. Excluding these items, the Group registered an increase in profit before tax of 11% and 6% respectively for the current quarter and first half of 2004 against those of the corresponding periods in 2003. Improvement was mainly due to higher profit from plantation, higher interest income and higher profit contribution from associated companies. For the current quarter and first half under review, the higher profit from the plantation segment was mainly due to higher achieved selling prices of palm products which more than off-set the 11% decline in FFB production and higher ex-estate costs.

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

Profit before taxation for the current quarter of RM46.2 million was 7% higher than the preceding quarter mainly due to higher contribution from the plantation segment as a result of a 27% increase in FFB production as compared to the preceding quarter. FFB production for the current quarter includes some 5% from the newly acquired plantations.

3) ***Prospects***

Barring any unforeseen circumstances, the operating performance of the Group for the remaining 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.

5) ***Taxation***

Tax charges for the current quarter and half year ended 30 June 2004 are as set out below:

	Current Quarter RM'000	Current Financial Year-to-date RM'000
Current tax charge:		
- Malaysian income tax	7,683	16,697
- Deferred tax	(1,062)	(638)
Share in tax of associated companies	153	568
	6,774	16,627
Prior year's taxes:		
- Income tax over provided	-	(595)
- Deferred tax over provided	-	(311)
	-	(906)
	6,774	15,721

The effective tax rate for the current quarter and half year ended 30 June 2004 were lower than the statutory tax rate mainly due to utilisation of agriculture allowance, reinvestment allowance and over provision of taxes in prior years.

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

The results for the current quarter and half year ended 30 June 2004 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) The dealings in quoted securities for the current quarter and half year ended 30 June 2004 are as follows:

	Current Quarter and Financial Year-to-date RM'000
Total purchase at cost	40
Total disposal proceeds	1,542
Total gain on disposal	849

- b) With the above disposal, the Group does not own any investment in quoted shares.

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

- a) On 17 February 2004, the Company announced the following interdependent proposed acquisitions by two of its subsidiary companies subject to certain conditions being satisfied within 6 months from the date of signing but not earlier than 31 March 2004 (“the Proposed Acquisitions”):

- i) acquisition of the entire issued and fully paid-up capital of Trushidup Plantations Sdn Bhd (“TPSB”), Wawasan Land Progress Sdn Bhd (“WLPSB”) and Dianti Plantations Sdn Bhd (“DPSB”) from several individuals for a total cash consideration of RM81.8 million. TPSB, WLPSB and DPSB are principally engaged in the cultivation and sale of FFB and own approximately 4,989 acres, 2,635 acres and 491 acres of plantation land respectively all located in the District of Kinabatangan, Sabah;
- ii) acquisition of the entire issued and fully paid-up share capital of Cengkeh Emas Sdn Bhd (“CESB”) and Kituva Plantations Sdn Bhd (“KPSB”) for a total cash consideration of RM20 million from Syarikat Trushidup Sdn Bhd (“STSB”) and several individuals. CESB and KPSB are principally engaged in the cultivation and sale of FFB and own approximately 505 acres and 1,208 acres of plantation land respectively all located in the District of Kinabatangan, Sabah;
- iii) acquisition of approximately 1,749 acres of plantation land together with a palm oil mill and other plantation assets located in the District of Kinabatangan, Sabah for a total cash consideration of RM50.3 million from STSB;
- iv) acquisition of other plantation assets for a total cash consideration of RM1.0 million from Trushidup Resources Sdn Bhd; and
- v) acquisition of approximately 5,110 acres of plantation land located in the District of Kinabatangan, Sabah for a total consideration of RM51.9 million from STSB.

The Proposed Acquisitions were completed on 28 May 2004 as mentioned in Notes (d)(ii) and (iii) of Part I of this interim financial report.

- b) On 20 April 2004, the Company announced that the present mandate granted by the shareholders of the Company on 25 June 2003 for the Company to buy back its own shares will expire at the conclusion of the forthcoming Annual General Meeting (“AGM”). In this regard, the Company proposed to seek from its shareholders at the aforesaid AGM 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 742,390,000 ordinary shares of 50 sen each as at 15 April 2004 (“the Proposed Share Buy-Back”).

The Proposed Share Buy-Back was approved by the shareholders at the aforesaid AGM.

With the completion of the above corporate proposals, there are no other corporate proposals announced but not completed as at 18 August 2004.

9) *Group Borrowings and Debt Securities*

As at 30 June 2004, the Group has outstanding unsecured Ringgit Malaysia short term borrowings amounting to RM60 million.

10) *Off Balance Sheet Financial Instruments*

There are no off balance sheet financial instruments as at 18 August 2004.

11) *Changes in Material Litigation*

The Company and Asiatic Tanjung Bahagia Sdn Bhd (“ATBSB”) (*Formerly known as Tanjung Bahagia Sdn Bhd*), 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 ATBSB 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 ATBSB from Hap Seng Consolidated Berhad (“HSCB”) (“the Tongod Land”). Subsequently, the Plaintiffs had also applied for an interlocutory injunction to restrain the Company and ATBSB from entering, trespassing, clearing, using or occupying the Tongod Land or part thereof (“the Injunction”).

A preliminary objection raised by the Company, ATBSB and HSCB in respect of the Injunction was heard on 5 July 2004 and the decision in respect of the said preliminary objection will be delivered on 15 October 2004.

In addition, the hearing on the appeal to the Judge in Chambers against the decision of the Court in dismissing with cost the application made by the Company and ATBSB to strike out the Plaintiffs’ Writ of Summons and Statement of Claims which was fixed for hearing on 10 August 2004 has now been adjourned to 15 April 2005.

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

Other than the above, there have been no changes to the status of the aforesaid litigation as at 24 August 2004.

12) Dividend Proposed or Declared

- a) i) An interim dividend for the half year ended 30 June 2004 has been declared by the Directors.
- ii) The interim dividend for the half year ended 30 June 2004 is 2.0 sen per ordinary share of 50 sen each, less 28% tax.
- iii) The interim dividend declared and paid for the previous year's corresponding period was 1.75 sen per ordinary share of 50 sen each, less 28% tax.
- iv) The interim dividend shall be payable on 19 October 2004.
- v) Entitlement to the interim dividend:
 A Depositor shall qualify for entitlement to the interim dividend only in respect of:
- o Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 28 September 2004 in respect of ordinary transfers; and
 - o Shares bought on the Bursa Malaysia on a cum entitlement basis according to the rules of the Bursa Malaysia.
- b) The total dividend payable for the half year ended 30 June 2004 is 2.0 sen per ordinary share of 50 sen each, less 28% tax.

13) Earnings per Share

	Current Quarter	Current Financial Year-to-date
a) Basic earnings per share		
Net profit for the financial period (<i>RM'000</i>)	38,790	72,649
	=====	=====
Weighted number of ordinary shares in issue	742,401,901	742,379,451
	=====	=====
Basic earnings per share (<i>sen</i>)	5.22	9.79
	=====	=====
b) Diluted earnings per share		
Net profit for the financial period (<i>RM'000</i>)	38,790	72,649
	=====	=====
Adjusted weighted number of ordinary shares in issue		
Weighted number of ordinary shares in issue	742,401,901	742,379,451
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	3,550,222	3,769,086
	745,952,123	746,148,537
	=====	=====
Diluted earnings per share (<i>sen</i>)	5.20	9.74
	=====	=====

TAN SRI MOHD AMIN BIN OSMAN
Chairman
 Asiatic Development Berhad