



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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THIRD QUARTERLY REPORT

25 November 2005

Quarterly report on consolidated results for the third quarter ended 30 September 2005. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2005

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/09/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2004 RM'000	CURRENT YEAR TO-DATE 30/09/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2004 RM'000
Revenue	138,940	154,254	368,863	361,970
Cost of sales	(79,992)	(74,640)	(208,660)	(181,054)
Gross profit	58,948	79,614	160,203	180,916
Other income	2,580	2,510	33,878	10,778
Other expenses	(13,943)	(13,536)	(39,503)	(35,611)
Profit from operations	47,585	68,588	154,578	156,083
Finance cost	-	(422)	-	(660)
Share of results in associates	428	1,267	2,899	3,335
Profit from ordinary activities before taxation	48,013	69,433	157,477	158,758
Taxation	(13,123)	(16,429)	(30,893)	(32,150)
Profit from ordinary activities after taxation	34,890	53,004	126,584	126,608
Minority shareholders' interests	(588)	(808)	(1,266)	(1,763)
Net profit for the period	34,302	52,196	125,318	124,845
Basic earnings per share - sen	4.62	7.03	16.87	16.82
Diluted earnings per share - sen	4.60	7.01	16.82	16.74

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2004.)



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2005

	(Unaudited) AS AT END OF CURRENT FINANCIAL PERIOD 30/09/2005 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31/12/2004 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,008,110	989,716
Land held for property development	236,415	232,565
Associates	12,199	11,919
Long term receivables	21,977	4,918
Deferred taxation	6,082	1,788
CURRENT ASSETS		
Property development costs	105,454	105,397
Inventories	123,914	112,824
Trade and other receivables	68,830	55,955
Amount due from associates	947	718
Short term investments	128,451	62,314
Bank balances and deposits	46,178	46,294
	473,774	383,502
CURRENT LIABILITIES		
Trade and other payables	110,564	84,578
Amount due to ultimate holding and other related companies	656	1,517
Taxation	8,125	9,256
Dividend	13,385	-
	132,730	95,351
NET CURRENT ASSETS	341,044	288,151
	1,625,827	1,529,057
FINANCED BY		
SHARE CAPITAL	371,809	371,252
RESERVES	1,209,070	1,115,294
SHAREHOLDERS' EQUITY	1,580,879	1,486,546
MINORITY INTERESTS	9,897	9,898
NON-CURRENT LIABILITIES		
Deferred taxation	24,413	27,395
Provision for directors' retirement gratuities	5,218	5,218
Other payable	5,420	-
	35,051	32,613
	1,625,827	1,529,057
NET TANGIBLE ASSETS PER SHARE (RM)	2.13	2.00

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2004.)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2005

	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 2005	371,252	26,153	18,115	290	1,070,736	1,486,546
Issue of shares [see Note I(f)]	557	562	-	-	-	1,119
Exchange difference not recognised in income statement	-	-	-	(3)	-	(3)
Net profit for the financial period	-	-	-	-	125,318	125,318
Appropriation:						
- Final dividend payable for the financial year ended 31 December 2004 (3.5 sen less 28% tax)	-	-	-	-	(18,716)	(18,716)
- Interim dividend payable for the half year ended 30 June 2005 (2.5 sen less 28% tax)	-	-	-	-	(13,385)	(13,385)
	-	-	-	-	(32,101)	(32,101)
Balance at 30 September 2005	371,809	26,715	18,115	287	1,163,953	1,580,879
Balance at 1 January 2004	370,862	25,826	18,143	(715)	922,533	1,336,649
Issue of shares	346	291	-	-	-	637
Revaluation surplus realised upon sale of land, net of tax, not recognised in income statement	-	-	(28)	-	28	-
Net profit for the financial period	-	-	-	-	124,845	124,845
Appropriation:						
- Final dividend payable for the financial year ended 31 December 2003 (2.75 sen less 28% tax)	-	-	-	-	(14,700)	(14,700)
- Interim dividend payable for the half year ended 30 June 2004 (2.0 sen less 28% tax)	-	-	-	-	(10,691)	(10,691)
	-	-	-	-	(25,391)	(25,391)
Balance at 30 September 2004	371,208	26,117	18,115	(715)	1,022,015	1,436,740

(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 2004.)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2005

	<i>Current Financial Year-to-date 30/09/2005 RM'000</i>	<i>Preceding Year Corresponding Period 30/09/2004 RM'000</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit from ordinary activities before taxation	157,477	158,758
Adjustments for:		
Depreciation of property, plant and equipment	13,499	11,901
Interest income	(2,771)	(3,304)
Share of results in associates	(2,899)	(3,335)
Net surplus arising from compulsory acquisition of freehold land	(25,797)	(785)
Other adjustments	433	(267)
	(17,535)	4,210
Operating profit before changes in working capital	139,942	162,968
Changes in working capital:		
Net change in current assets	(7,873)	(26,406)
Net change in current liabilities	13,326	15,380
	5,453	(11,026)
Cash generated from operations	145,395	151,942
Tax paid	(36,918)	(35,619)
Retirement gratuities paid	-	(2,981)
	(36,918)	(38,600)
NET CASH GENERATED FROM OPERATING ACTIVITIES	108,477	113,342
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(31,820)	(133,098)
Acquisition of subsidiaries	-	(103,822)
Other investing activities	8,228	2,646
NET CASH USED IN INVESTING ACTIVITIES	(23,592)	(234,274)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares:		
- exercise of share options by executive employees	1,119	637
Proceeds from bank borrowings	-	79,000
Repayments of borrowings	-	(41,559)
Finance cost paid	-	(660)
Dividend paid	(18,716)	(14,700)
Dividend paid to minority interest shareholders	(1,267)	(92)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(18,864)	21,796
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	66,021	(99,136)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	108,608	207,509
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	174,629	108,373
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	128,451	56,333
Bank balances and deposits	46,178	52,040
	174,629	108,373

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2004.)

ASIATIC DEVELOPMENT BERHAD
NOTES TO THE INTERIM FINANCIAL REPORT
- THIRD QUARTER ENDED 30 SEPTEMBER 2005

I) Compliance with Financial Reporting Standards (“FRS”) 134

a) Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with FRS 134 (formerly 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 2004.

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 2004 as well as new approved accounting standards in Malaysia which are effective and applicable in the current financial year.

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 2004 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 item included in the interim financial statements for the financial period ended 30 September 2005 was an additional compensation in respect of freehold land previously acquired by the government. The additional compensation gave rise to a net surplus of RM25.8 million and was included under other income of the Group.

e) Material Changes in Estimates

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

f) Changes in Debt and Equity Securities

The Company issued 1,114,000 new ordinary shares of 50 sen each, for cash, arising from the exercise of options granted under the Asiatic Executive Share Option Scheme at exercise prices of RM0.92 and RM1.45 per ordinary share for the financial period ended 30 September 2005.

Other than the above, there were no issuance, cancellation, repurchase, resale and repayment of debt securities of the Group and equity securities of the Company for the financial period ended 30 September 2005.

g) Dividend Paid

The final dividend of 3.5 sen per ordinary share of 50 sen each, less 28% tax, for the financial year ended 31 December 2004 was paid on 21 July 2005.

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	313,784	55,079	-	368,863
Segment profit	118,292	6,185	1,533	126,010
Net surplus arising from additional compensation in respect of freehold land previously acquired by the government				25,797
Interest income				2,771
Share of results in associates				2,899
Profit from ordinary activities before taxation				157,477
Taxation				(30,893)
Profit from ordinary activities after taxation				126,584
Minority interests				(1,266)
Net profit for the current financial period				125,318

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 current financial period ended 30 September 2005 that have not been reflected in this interim financial report.

k) Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current financial period ended 30 September 2005.

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 2004.

m) Capital Commitments

Authorised capital commitments not provided for in the interim financial report as at 30 September 2005 are as follows:

	Contracted RM'000	Not Contracted RM'000	Total RM'000
Property, plant and equipment	22,956	34,164	57,120
Investments	1,460	-	1,460
	24,416	34,164	58,580

**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA – THIRD QUARTER ENDED
30 SEPTEMBER 2005**

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		
	3Q2005 RM'Million	3Q2004 RM'Million	% +/-	2Q2005 RM'Million	% +/-	3Q2005 RM'Million	3Q2004 RM'Million	% +/-
Revenue								
Plantation	111.9	141.9	-21	106.7	+5	313.8	323.7	-3
Property	27.1	12.4	>100	16.8	+61	55.1	38.3	+44
	139.0	154.3	-10	123.5	+13	368.9	362.0	+2
Profit before tax and unusual items								
o Plantation	42.4	65.5	-35	35.7	+19	118.3	144.9	-18
o Property	3.7	1.7	>100	1.9	+95	6.2	4.4	+41
o Others	1.9	2.2	-14	2.7	-30	7.2	8.6	-16
	48.0	69.4	-31	40.3	+19	131.7	157.9	-17
Net surplus arising from compulsory acquisition of freehold land <i>[see Note 1(d)]</i>	-	-	N/A	25.8	N/A	25.8	0.8	>100
Profit before tax	48.0	69.4	-31	66.1	-27	157.5	158.7	-1

Revenue and profit before tax for the current quarter were lower than that of the previous year's corresponding quarter by 10% and 31% respectively mainly due to lower FFB production and lower selling prices of palm products.

For the current financial year-to-date, notwithstanding a 15% increase in FFB production, performance of the plantation segment declined by 18% mainly due to lower selling prices of palm products coupled with higher production costs as compared to the corresponding period in 2004. However, profit before tax of the Group for the current financial year-to-date only declined marginally as a result of higher progress billings from properties sold along with a net surplus arising from additional compensation in respect of land previously acquired by the government.

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

Profit before tax for the current quarter was 27% lower than that of the immediate preceding quarter mainly due to the net surplus referred to in Note II(1). Excluding this item, profit before tax of the Group recorded a 19% increase mainly due to a 24% increase in FFB production and higher progress billings from properties sold.

3) ***Prospects***

Barring any unforeseen circumstances, the 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.

5) ***Taxation***

Tax charge/(credit) for the current quarter and financial year-to-date are set out below:

	Current Quarter RM'000	Current Financial Year-to-date RM'000
Current tax charge:		
- Malaysian income tax	15,202	33,448
- Deferred tax	(2,287)	(1,538)
Share of tax in associates	208	803
	-----	-----
	13,123	32,713
Prior year's taxes:		
- Income tax under provided	-	3,918
- Deferred tax over provided	-	(5,738)
	-	(1,820)
	-----	-----
	13,123	30,893
	=====	=====

The effective tax rate for the current quarter and financial period ended 30 September 2005 is lower than the statutory tax rate mainly due to certain non-taxable income, utilisation of agriculture allowance and adjustments relating to prior year's tax.

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 which are not in the ordinary course of business of the Group.

7) ***Quoted Securities Other than Securities in Existing Subsidiaries and Associates***

There were no dealings in quoted securities for the current quarter ended 30 September 2005.

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

On 8 June 2005, the Company announced that 5 of its subsidiaries had entered into 5 separate Joint Venture Agreements for the cultivation of oil palm on approximately 98,300 hectares of land in Kabupaten Ketapang, Provinsi Kalimantan Barat, Republic of Indonesia (“the Land”) (“the Proposed Joint Venture”). As at 18 November 2005, other than the approval from Bank Negara Malaysia which was received on 1 September 2005, the Proposed Joint Venture is subject to the following conditions being fulfilled within 12 months from the date of the Joint Venture Agreements or such period as may be mutually extended by parties to the said agreements:

- a) the letter of confirmation from the local government of Kabupaten Ketapang on the Proposed Joint Venture;
- b) the approval of Badan Koordinasi Penanaman Modal or Investment Coordinating Board in Indonesia;
- c) the issuance of the Hak Guna Usaha certificates or Right/Title to Cultivate the Land;
- d) due diligence study on the Land and the Joint Venture Companies; and
- e) any other approvals, licenses and permits required for the Proposed Joint Venture.

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

The Group does not have any borrowings or debt securities as at 30 September 2005.

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

There are no off balance sheet financial instruments as at 18 November 2005.

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, 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”).

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

There have been no changes to the status of the aforesaid litigation as at 18 November 2005.

12) Dividend Proposed or Declared

- a) No dividend has been declared or recommended for the current quarter ended 30 September 2005.
- b) Total dividend declared for the current financial year-to-date was an interim dividend of 2.5 sen per ordinary share of 50 sen each, less 28% tax and was paid on 21 October 2005.

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>)	34,302	125,318
	=====	=====
Weighted number of ordinary shares in issue	742,944,131	742,753,403
	=====	=====
Basic earnings per share (<i>sen</i>)	4.62	16.87
	=====	=====
b) Diluted earnings per share		
Net profit for the financial period (<i>RM'000</i>)	34,302	125,318
	=====	=====
<i>Adjusted weighted number of ordinary shares in issue</i>		
Weighted number of ordinary shares in issue	742,944,131	742,753,403
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	3,421,760	2,473,992
	746,365,891	745,227,395
	=====	=====
Diluted earnings per share (<i>sen</i>)	4.60	16.82
	=====	=====

TAN SRI MOHD AMIN BIN OSMAN
Chairman
Asiatic Development Berhad