



ASIATIC DEVELOPMENT BERHAD

(Incorporated in Malaysia under Company No : 34993-X)
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SECOND QUARTERLY REPORT

28 August 2001

Quarterly report on consolidated results for the financial period ended 30 June 2001. The figures have not been audited.

CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/6/2001	30/6/2000	30/6/2001	30/6/2000
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	45,386	63,796	85,976	119,267
	=====	=====	=====	=====
(b) Investment income	-	-	-	-
	=====	=====	=====	=====
(c) Other income	1,720	2,054	3,195	3,891
	=====	=====	=====	=====
2 (a) Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	9,118	18,966	17,625	36,265
(b) Finance cost	-	-	-	-
(c) Depreciation and amortisation	(2,615)	(2,638)	(5,218)	(5,186)
(d) Exceptional items	3,382	2,067	8,148	3,776
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	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/6/2001 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2000 RM'000	CURRENT YEAR TO DATE 30/6/2001 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2000 RM'000
(e) Profit/(loss) before income tax, minority interests and extraordinary items	9,885	18,395	20,555	34,855
(f) Share of profits/(losses) of associated companies	(160)	(54)	(428)	(205)
(g) Profit/(loss) before income tax, minority interests and extraordinary items after share of profits and losses of associated companies	9,725	18,341	20,127	34,650
(h) Income tax	(2,366)	(3,741)	(3,966)	(7,605)
(i) (i) Profit/(loss) after income tax before deducting minority interests	7,359	14,600	16,161	27,045
(ii) Minority interests	9	179	253	(396)
(j) Pre-acquisition profit/(loss)	-	-	-	-
(k) Net profit/(loss) from ordinary activities attributable to members of the Company	7,368	14,779	16,414	26,649
(l) (i) Extraordinary items	-	-	-	-
(ii) Minority interests	-	-	-	-
(iii) Extraordinary items attributable to members of the Company	-	-	-	-

		INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER	CORRESPONDING QUARTER	TO DATE	CORRESPONDING PERIOD
		30/6/2001	30/6/2000	30/6/2001	30/6/2000
		RM'000	RM'000	RM'000	RM'000
(m)	Net profit/(loss) attributable to members of the Company	7,368	14,779	16,414	26,649
		=====	=====	=====	=====
3	Earnings per share based on 2(m) above after deducting any provision for preference dividends, if any:				
(a)	Basic (based on 741,335,000 ordinary shares) - sen	0.99	1.99	2.21	3.59
(b)	Fully diluted (based on 741,335,000 ordinary shares) - sen	0.99	1.99	2.21	3.59
4	(a) Dividend per share - sen	1.50	1.50	1.50	1.50
(b)	Dividend description	Interim dividend of 1.50 sen per ordinary share of 50 sen each, less 28% tax	Interim dividend of 1.50 sen per ordinary share of 50 sen each, less 28% tax	Interim dividend of 1.50 sen per ordinary share of 50 sen each, less 28% tax	Interim dividend of 1.50 sen per ordinary share of 50 sen each, less 28% tax



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CONSOLIDATED BALANCE SHEET

	(Unaudited) AS AT END OF CURRENT FINANCIAL PERIOD 30/6/2001 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31/12/2000 RM'000	
ASSETS			
1	PROPERTY, PLANT AND EQUIPMENT	492,117	492,008
2	REAL PROPERTY ASSETS	251,723	250,064
3 (i)	ASSOCIATED COMPANIES	(639)	1,199
(ii)	AMOUNT DUE FROM ASSOCIATED COMPANIES	15,663	18,781
4	INVESTMENTS	289	289
5	CURRENT ASSETS		
	Property development	91,740	90,934
	Inventories	112,535	117,332
	Trade receivables	19,377	15,881
	Other receivables, deposits and prepayments	35,103	22,206
	Amount due from associated companies	1,037	904
	Short term investments	138,903	106,708
	Bank balances and deposits	58,127	85,073
		<u>456,822</u>	<u>439,038</u>
6	CURRENT LIABILITIES		
	Trade payables	66,662	67,362
	Other payables and accrued expenses	11,071	12,911
	Amount due to holding and other related companies	405	850
	Taxation	1,140	-
	Dividends	16,012	8,006
		<u>95,290</u>	<u>89,129</u>
7	NET CURRENT ASSETS	<u>361,532</u>	<u>349,909</u>
		<u>1,120,685</u>	<u>1,112,250</u>
FINANCED BY			
8	SHAREHOLDERS' EQUITY		
	SHARE CAPITAL	370,668	370,668
	RESERVES		
	Share premium	25,663	25,663
	Revaluation reserve	19,674	19,829
	Retained profit	679,479	670,916
	Exchange differences	(699)	(637)
		<u>724,117</u>	<u>715,771</u>
		<u>1,094,785</u>	<u>1,086,439</u>
9	MINORITY INTERESTS	10,430	10,683
10	LONG TERM LIABILITIES		
	Long term borrowings	5,388	5,388
	Deferred taxation	4,597	4,255
	Provision for Directors' retirement gratuities	5,485	5,485
		<u>15,470</u>	<u>15,128</u>
		<u>1,120,685</u>	<u>1,112,250</u>
11	NET TANGIBLE ASSETS PER SHARE (RM)	<u>1.48</u>	<u>1.47</u>

ASIATIC DEVELOPMENT BERHAD
NOTES TO THE QUARTERLY REPORT

- 1 The accounting policies and methods of computation adopted for the quarterly financial statements are consistent with those adopted for the financial statements for the year ended 31 December 2000.
- 2 The exceptional items for the current quarter and financial year-to-date represent net surplus arising from disposals of freehold land and plantation.
- 3 There were no extraordinary items for the current quarter and financial year-to-date.
- 4 Tax charges for the current financial year-to-date are as set out below:

	2001 RM'000	2000 RM'000
Current tax-Malaysian	3,434	7,578
Under/(over) provision in respect of prior years	21	(42)
	<u>3,455</u>	<u>7,536</u>
Deferred tax charge/(credit)	342	(297)
Share in tax of associated companies	169	366
	<u><u>3,966</u></u>	<u><u>7,605</u></u>

The effective tax rate for the current quarter and financial year-to-date is lower than the statutory tax rate mainly due to the utilisation of reinvestment allowance brought forward and certain non-taxable income.

- 5 The results for the current quarter and financial year-to-date 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 other than the exceptional items as disclosed in Note 2.
- 6 (a) There were no dealings in quoted securities for the current quarter and financial year-to-date.
- (b) The details of the investments in quoted shares as at 30 June 2001 are as set out below:

	RM'000
Total investments at cost	8,282
Total investments at book value	289
Total investments at market value as at 30 June 2001	217

- 7 There were no material changes in the composition of the Company and of the Group for the current quarter and financial year-to-date.
- 8 (i) On 8 March 2001, the Company announced the proposed acquisition ("the Proposed Acquisition") of the entire issued and paid-up share capital of Kinavest Sdn Bhd ("Kinavest") for a cash consideration of RM1.33 million less all outstanding liabilities of Kinavest as at the date of completion of the Proposed Acquisition. Kinavest has been alienated a piece of agricultural land measuring approximately 192.4 hectares situated in Tenegang, District of Kinabatangan, Sabah.

- (ii) On 20 April 2001, Commerce International Merchant Bankers Berhad announced on behalf of the Company the following proposals:
- a) Proposed amendments to the Articles of Association of the Company (“the Proposed Amendments”) to incorporate and to reflect the new listing requirements as required by the Kuala Lumpur Stock Exchange (“KLSE”) as well as other relevant regulatory and statutory requirements; and
 - b) Proposed fresh mandate from shareholders to purchase up to a maximum of ten percent (10%) of the issued and paid-up share capital of the Company (“the Proposed Share Buy-Back”) through the KLSE.
- (iii) On 20 June 2001, the Company announced the proposed acquisition of a piece of agricultural land by its wholly-owned subsidiary company, Tanjung Bahagia Sdn Bhd, measuring approximately 8,830 hectares situated at Sungai Tongod, District of Kinabatangan, Sandakan, Sabah (“the Proposed Land Acquisition”) from Hap Seng Consolidated Berhad (“Hap Seng”) for a total cash consideration of RM56.73 million plus reimbursement of plantation expenses incurred by Hap Seng. The Proposed Land Acquisition was approved by the Foreign Investment Committee vide their letter dated 17 August 2001.
- (iv) As at 21 August 2001, the status of the above proposals are as follows:
- a) The Proposed Acquisition of Kinavest was completed on 17 July 2001;
 - b) The Proposed Amendments and the Proposed Share Buy-Back were approved by the shareholders of the Company at the Extraordinary General Meeting held on 25 June 2001; and
 - c) The Proposed Land Acquisition is subject to and conditional upon the following approvals being obtained within a period of 6 months from the date of the Sale and Purchase Agreement signed on 20 June 2001 or such extended period as may be mutually agreed between the buyer and the seller:
 - the consent and permission from the Director of Lands and Surveys, Sabah, for the transfer of the said land to Asiatic; and
 - any other approvals as may be required by the relevant authorities.

9 There were no issuance and repayment of debt and equity securities, shares buy-back, shares cancellation, shares held as treasury shares and resale of treasury shares for the current financial year-to-date.

10 The details of the Group’s borrowings as at 30 June 2001 are as set out below:

	SECURED/ UNSECURED	RM
Long term borrowings	Unsecured	5,388,000

11 There were no changes in contingent liabilities since the last financial year ended 31 December 2000 and up to 21 August 2001.

- 12 There are no financial instruments with off balance sheet risk as at 21 August 2001.
- 13 There are no pending material litigations as at 21 August 2001.
- 14 Segment analysis for the current financial year-to-date is set out below:

	REVENUE		PROFIT BEFORE TAXATION		ASSETS EMPLOYED AS AT	
	30/6/2001	30/6/2000	30/6/2001	30/6/2000	30/6/2001	30/6/2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>By activity</i>						
Plantation	67,905	86,543	6,558	21,151	496,815	482,729
Property	18,071	32,724	2,328	5,877	499,779	502,535
	85,976	119,267	8,886	27,028	996,594	985,264
<i>Non-segment items</i>						
Interest-bearing investments	-	-	3,195	3,891	194,307	190,229
Others	-	-	8,046	3,731	25,074	47,674
	-	-	11,241	7,622	219,381	237,903
	85,976	119,267	20,127	34,650	1,215,975	1,223,167

- 15 For the current quarter, the Group registered a profit before tax of RM9.7 million as compared to RM10.4 million in the immediate preceding quarter or 7% lower. The lower profit before tax was mainly due to lower exceptional gain arising from disposals of freehold land and plantation. Excluding the exceptional gain, the Group registered a profit before tax of RM6.3 million or an increase of 12.5% over that of the immediate preceding quarter. The increase was mainly attributable to an improved performance from the Property Division which more than off-set the lower profit contribution from the Plantation Division.
- 16 The Group registered a lower profit before tax of RM9.7 million and RM20.1 million for the current quarter and financial year-to-date respectively, as compared to RM18.3 million and RM34.7 million achieved in the previous year's corresponding quarter and financial year-to-date or lower by 47% and 42% respectively.

The performance of the Group for the current quarter and financial year-to-date was affected by the weak palm oil and property markets. However, the overall decline in performance for the current quarter and financial year-to-date was mitigated by an increase in FFB production and higher exceptional gain arising from disposals of freehold land and plantation.

- 17 On 19 July 2001, the Group received an additional compensation pursuant to a Court Order and Certificate of Payment ("COCP") in respect of a piece of freehold land and plantation compulsorily acquired by the government in 1996. The said compensation together with overdue interest, is expected to give rise to an exceptional gain of some RM26 million. The said compensation was paid without prejudice to the right of the defendant to file an application to set aside the COCP. On 1 August 2001, the defendant has filed a Summon in Chambers to set aside the COCP.

Other than the above, there has not arisen in the interval between 30 June 2001 and 21 August 2001, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operation of the Company and of the Group.

- 18 The production of fresh fruit bunches ('FFB') is seasonal in nature where crop normally peaks in the second half of the year.

- 19 CPO prices have improved since July 2001 and barring any unforeseen circumstances, the Directors are of the opinion that the performance of the Group for the financial year ending 31 December 2001 is expected to be satisfactory.
- 20 The group did not issue any profit forecast or profit guarantee for the year.
- 21 (a) (i) An interim ordinary dividend for the half year ended 30 June 2001 has been declared by the Directors.
- (ii) The interim dividend for the half year ended 30 June 2001 is 1.50 sen per ordinary share of 50 sen each, less 28% tax.
- (iii) The interim dividend declared for the previous year's corresponding period was 1.5 sen per ordinary share of 50 sen each, less 28% tax.
- (iv) The interim dividend shall be payable on 19 October 2001.
- (v) Entitlement to the interim dividend
- A Depositor shall qualify for entitlement to the interim dividend only in respect of:
- Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 1 October 2001 in respect of ordinary transfers; and
 - Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.
- (b) Total dividend payable for the current financial year-to-date is 1.50 sen per ordinary share of 50 sen each, less 28% tax.
- 22 As at 30 June 2001, the Company has 3,154,000 unissued ordinary shares outstanding under the Asiatic Executive Share Option Scheme ("AESOS"). In accordance with the provisions laid down by MASB No. 13 on Earnings Per Share, share options are dilutive when they are issued for no consideration or where a portion of the outstanding share options are deemed dilutive in situations where the exercisable price of the options is below its fair value.

Since the exercisable price of the AESOS is above the fair value of the Company's shares for the current financial year-to-date, the option is deemed non dilutive.

By order of the Board

TAN SRI MOHD AMIN BIN OSMAN
Chairman
Asiatic Development Berhad