



# 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 Telex: ADSB MA 31250  
 Website: <http://www.asiatic.com.my> E-mail: [info@asiatic.com.my](mailto:info@asiatic.com.my)

## THIRD QUARTERLY REPORT

27 November 2002

Quarterly report on consolidated results for the financial period ended 30 September 2002. The figures have not been audited.

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2002

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/9/2002 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2001 RM'000	CURRENT YEAR TO DATE 30/9/2002 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2001 RM'000
<b>Revenue</b>	<b>71,727</b>	53,052	<b>198,808</b>	139,028
Cost of sales	<u>(34,295)</u>	<u>(31,001)</u>	<u>(102,669)</u>	<u>(92,032)</u>
<b>Gross profit</b>	<b>37,432</b>	22,051	<b>96,139</b>	46,996
Other income	<b>2,611</b>	3,235	<b>9,145</b>	9,583
Gains on sale of land	-	27,654	<b>469</b>	35,803
Other expenses	<u>(10,129)</u>	<u>(9,819)</u>	<u>(30,219)</u>	<u>(28,706)</u>
<b>Profit from operations</b>	<b>29,914</b>	43,121	<b>75,534</b>	63,676
Share of results of associated companies	<u>2,076</u>	<u>214</u>	<u>3,052</u>	<u>(214)</u>
<b>Profit from ordinary activities before taxation</b>	<b>31,990</b>	43,335	<b>78,586</b>	63,462
Taxation	<u>(8,415)</u>	<u>(5,443)</u>	<u>(17,182)</u>	<u>(9,409)</u>
<b>Profit from ordinary activities after taxation</b>	<b>23,575</b>	37,892	<b>61,404</b>	54,053
Minority shareholders' interests	<u>(349)</u>	<u>(445)</u>	<u>(406)</u>	<u>(192)</u>
<b>Net profit for the period</b>	<u><b>23,226</b></u>	<u>37,447</u>	<u><b>60,998</b></u>	<u>53,861</u>
Basic earnings per share - sen	<u><b>3.13</b></u>	<u>5.05</u>	<u><b>8.23</b></u>	<u>7.27</u>
Diluted earnings per share - sen	<u><b>3.13</b></u>	<u>5.05</u>	<u><b>8.22</b></u>	<u>7.26</u>

*(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2001.)*



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## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2002

	(Unaudited) AS AT END OF CURRENT FINANCIAL PERIOD 30/9/2002 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31/12/2001 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	714,439	560,638
Real property assets	246,763	247,794
Associated companies	10,593	9,671
Other long term investments	289	289
Long term receivables	6,877	6,877
<b>CURRENT ASSETS</b>		
Property development	90,117	93,608
Inventories	109,427	109,151
Trade and other receivables	41,240	41,512
Amount due from associated companies	1,020	781
Short term investments	42,000	139,417
Bank balances and deposits	39,369	93,117
	<u>323,173</u>	<u>477,586</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	67,974	122,491
Amount due to holding and other related companies	280	1,009
Taxation	3,210	1,269
Dividend	8,674	-
	<u>80,138</u>	<u>124,769</u>
<b>NET CURRENT ASSETS</b>	<u>243,035</u>	<u>352,817</u>
	<u>1,221,996</u>	<u>1,178,086</u>
<b>FINANCED BY SHARE CAPITAL RESERVES</b>	<u>370,668</u>	<u>370,668</u>
	<u>821,170</u>	<u>779,521</u>
<b>SHAREHOLDERS' EQUITY</b>	<u>1,191,838</u>	<u>1,150,189</u>
<b>MINORITY INTERESTS</b>	11,914	11,516
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	5,388	5,388
Deferred taxation	7,279	5,416
Provision for Directors' retirement gratuities	5,577	5,577
	<u>18,244</u>	<u>16,381</u>
	<u>1,221,996</u>	<u>1,178,086</u>
<b>NET TANGIBLE ASSETS PER SHARE (RM)</b>	<u>1.61</u>	<u>1.55</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2001.)



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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2002

	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	
<b>Balance at 1 January 2002 as previously reported</b>	370,668	25,663	19,668	(699)	724,214	1,139,514
<b>Add : Prior period adjustment:</b>						
Proposed final dividend for year ended 31 December 2001 (see note I a)	-	-	-	-	10,675	10,675
As restated	370,668	25,663	19,668	(699)	734,889	1,150,189
Net profit/(loss) not recognised in the income statement	-	-	(9)	-	9	-
Net profit for the current financial year-to-date	-	-	-	-	60,998	60,998
<b>Appropriation:</b>						
- Final dividend paid for the financial year ended 31 December 2001 (2.0 sen less 28% tax)	-	-	-	-	(10,675)	(10,675)
- Interim dividend declared for the current financial year ending 31 December 2002 (1.625 sen less 28% tax)	-	-	-	-	(8,674)	(8,674)
<b>Balance at 30 September 2002</b>	<b>370,668</b>	<b>25,663</b>	<b>19,659</b>	<b>(699)</b>	<b>776,547</b>	<b>1,191,838</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2001.)



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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2002

CURRENT  
YEAR-TO-DATE  
30/09/2002  
RM'000

### CASH FLOW FROM OPERATING ACTIVITIES

Profit from ordinary activities before taxation **78,586**

Adjustments for:

Depreciation of property, plant and equipment	<b>6,921</b>
Interest income	<b>(4,022)</b>
Share of results of associated companies	<b>(3,052)</b>
Other adjustments	<b>(1,001)</b>
	<b>(1,154)</b>

**Operating profit before changes in working capital** **77,432**

Changes in working capital:

Net change in current assets	<b>(11,461)</b>
Net change in current liabilities	<b>7,818</b>
	<b>(3,643)</b>

**Cash generated from operations** **73,789**

Interest received	<b>4,022</b>
Tax paid	<b>(7,711)</b>

**NET CASH GENERATED FROM OPERATING ACTIVITIES** **70,100**

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	<b>(211,894)</b>
Other investing activities	<b>1,312</b>

**NET CASH USED IN INVESTING ACTIVITIES** **(210,582)**

### CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	<b>(10,675)</b>
Dividend paid to minority shareholders	<b>(8)</b>

**NET CASH USED IN FINANCING ACTIVITIES** **(10,683)**

**NET DECREASE IN CASH AND CASH EQUIVALENTS FOR THE  
CURRENT FINANCIAL PERIOD** **(151,165)**

**CASH AND CASH EQUIVALENTS AT 1 JANUARY 2002** **232,534**

Effect of currency translation **-**

**CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD** **81,369**

### ANALYSIS OF CASH AND CASH EQUIVALENTS

Short term investments	<b>42,000</b>
Bank balances and deposits	<b>39,369</b>

**Cash and cash equivalents at end of financial period** **81,369**

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2001.)

**ASIATIC DEVELOPMENT BERHAD**  
**NOTES TO THE INTERIM FINANCIAL REPORT - THIRD QUARTER ENDED**  
**30 SEPTEMBER 2002**

**I) 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. Comparative information on the Condensed Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement which are required under MASB 26 are, however, not presented as the Group has applied the exemption provided by the Kuala Lumpur Stock Exchange.

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2001.

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 2001 and include new approved accounting standards which are effective and applicable in the current financial year.

Consequently, in compliance with MASB 19 - Events After the Balance Sheet Date, dividends proposed by the Directors after the balance sheet date are no longer recognised as a liability at the balance sheet date. As a result, the Group's unappropriated profit at the beginning of the year has been adjusted through a prior period adjustment as follows:

	<b>RM'000</b>
Unappropriated Profit at beginning of the year:	
As previously reported	724,214
Prior period adjustment	
- Proposed final dividend for financial year ended 31 December 2001	10,675
	-----
As restated	734,889
	=====

The above restatement of the Group's Unappropriated Profit at the beginning of the year has the effect of increasing the Net Tangible Assets per share from RM1.54 to RM1.55.

*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 items which were unusual in nature and amount for the relevant periods which had affected the interim financial statements are as follows:

	<b>Current Quarter RM'000</b>	<b>Current Financial Year-to-date RM'000</b>
i) Gains in respect of net surplus arising from disposal of freehold land and plantation	-	469
ii) Completion of the proposed acquisition on 27 September 2002 of 13,864 acres of plantation land with a 30-tonne per hour palm oil mill at Bukit Garam, District of Kinabatangan, Sandakan by two subsidiary companies from Abadi Mewah Sdn Bhd and its related companies	<b>134,000</b>	134,000

*e) Material Changes in Estimates*

There were no material 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*

On 22 July 2002, the Company paid the final dividend of 2.0 sen per ordinary share of 50 sen each, less 28% tax for the financial year ended 31 December 2001.

*h) Segment Information*

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

	<b>Plantation RM'000</b>	<b>Property RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Revenue – external</b>	<b>171,950</b>	<b>26,858</b>	-	<b>198,808</b>
<b>Segment profit</b>	<b>67,363</b>	<b>2,497</b>	<b>1,183</b>	<b>71,043</b>
Interest income				4,022
Gains on sale of land				469
Share of profit of associated companies	<b>1,733</b>	<b>1,315</b>	<b>4</b>	<b>3,052</b>
<b>Profit from ordinary activities before taxation</b>				<b>78,586</b>
Taxation				(17,182)
<b>Profit from ordinary activities after taxation</b>				<b>61,404</b>
Minority interests				(406)
<b>Net profit for the period</b>				<b>60,998</b>

*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 event subsequent to the end of the current quarter that have not been reflected in the financial statements for the current financial year-to-date other than as disclosed in Note II (11).

*k) Changes in the Composition of the Group*

There was no material change 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 2001.

*m) Capital Commitments*

Capital commitments not provided for in the financial statements as at 30 September 2002 are as follows:

	<b>RM'000</b>
Authorised capital expenditure not provided for in the financial statements	
- contracted	94,187
- not contracted	14,362
	-----
	108,549
	=====
Analysed as follows:	
- Property, plant and equipment	26,209
- Proposed acquisition by Asiatic Land Development Sdn Bhd ("ALDSB") of the remaining 30% equity in Asiatic Indahpura Development Sdn Bhd ('AIDSB')	77,319 *
- Others	5,021
	-----
	108,549
	=====

\* Please refer to Note II (8) for further information.

**ADDITIONAL INFORMATION REQUIRED BY THE KUALA LUMPUR STOCK EXCHANGE –  
THIRD QUARTER ENDED 30 SEPTEMBER 2002**

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

*1) Review of Performance*

The results for the current quarter and financial year-to-date are tabulated below:

	Individual Quarter			Financial Year-to-date		
	2002 RM'Million	2001 RM'Million	% +/-	2002 RM'Million	2001 RM'Million	% +/-
<b>Revenue</b>						
Plantation	<b>61.5</b>	40.7	+51	<b>171.9</b>	108.6	+58
Property	<b>10.2</b>	12.3	-17	<b>26.9</b>	30.4	-12
	-----	-----		-----	-----	
	<b>71.7</b>	53.0	+35	<b>198.8</b>	139.0	+43
	=====	=====		=====	=====	
<b>Profit before tax and exceptional items</b>						
Plantation	<b>27.6</b>	10.8	+156	<b>67.4</b>	17.0	+296
Property	<b>0.8</b>	2.4	-67	<b>2.5</b>	4.7	-47
Others	<b>3.6</b>	2.5	+44	<b>8.2</b>	6.0	+37
	-----	-----		-----	-----	
	<b>32.0</b>	15.7	+104	<b>78.1</b>	27.7	+182
<b>Gains on sale of land</b>	-	27.6	-100	<b>0.5</b>	35.8	-99
	-----	-----		-----	-----	
<b>Profit before tax</b>	<b>32.0</b>	43.3	-26	<b>78.6</b>	63.5	+24
	=====	=====		=====	=====	

For the current quarter and financial year-to-date, the Group registered an overall increase in revenue of 35% and 43% respectively against those of the previous year's corresponding periods. Profit before tax and gains on sale of land of the Group for the current quarter and financial year-to-date improved by 104% and 182% respectively over the corresponding quarter and period of the previous year. The improved performance was mainly attributable to higher palm products prices which more than offset the lower profit contribution from the property segment. However, after the inclusion of the gains on sale of land, the profit before tax of the Group for the current quarter and financial year-to-date was 26% lower and 24% higher respectively over those reported in previous year's corresponding periods.

*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 RM32.0 million in the current quarter as compared to RM24.8 million in the preceding quarter or an increase of 29%. The improvement was mainly due to better performance from the plantation segment as a result of higher selling prices for palm products and an increase in FFB production.

3) *Prospects*

The Group's oil palm harvesting area increased by 4,436 hectares or 14% on 27 September 2002 following the completion of the plantation land acquisition referred to in Note I (d)(ii). This additional harvesting area is expected to boost FFB production of the Group in the 4<sup>th</sup> quarter of this financial year. Barring any unforeseen circumstances and with higher palm products prices, the Directors are of the opinion that the operating performance of the Group for the remaining quarter is expected to be better than the current quarter.

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:

	<b>Current Quarter RM'000</b>	<b>Current Financial Year-to-date RM'000</b>
Malaysian income tax		
- Current	6,322	14,644
- (Over)/Under provision in respect of prior periods	(318)	73
	-----	-----
	<b>6,004</b>	<b>14,717</b>
Deferred tax charge		
- Current	658	1,863
- Under provision in respect of prior periods	1,298	-
	-----	-----
	<b>1,956</b>	<b>1,863</b>
	-----	-----
	<b>7,960</b>	<b>16,580</b>
Share in tax of associated companies	455	602
	-----	-----
	<b>8,415</b>	<b>17,182</b>
	=====	=====

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 agriculture allowance and reinvestment allowance brought forward.

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

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 unusual gains as disclosed in Note I (d) (i).

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

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 September 2002 are as set out below:

	<b>RM'000</b>
Total investments at cost	8,282
Total investments at book value	289
Total investments at market value	425

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

The Company has on 11 October 2002 entered into the following conditional agreements:

- i) Proposed acquisition by ALDSB of the remaining 30% equity interest in AIDS B from Ambang Budi Sdn Bhd (“ABS B”) for a total purchase consideration of RM77,319,000 (“Proposed Share Acquisition”) 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 ABS B for a sale consideration of RM82,707,000 (“Proposed Land Disposal”).

The Proposed Share Acquisition and the Proposed Land Disposal are interdependent and are further subject to the following conditions to be satisfied within 6 months from the date of the conditional agreements:

- a) The approval of the Foreign Investment Committee; and
- b) Any other approvals from the relevant authorities as may be required.

As at 20 November 2002, the above approvals have yet to be obtained.

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

The details of the Group’s borrowings as at 30 September 2002 are as set out below:

	<b>SECURED/ UNSECURED</b>	<b>RM’000</b>
Long term borrowings	Unsecured	5,388

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

There are no off balance sheet financial instruments as at 20 November 2002.

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

The Company is engaged in the following material litigation as at 20 November 2002, being the last practicable date from the date of issue of this quarterly report:

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 injunction to restrain the Company and TBSB from entering, trespassing, clearing, using or occupying the Tongod Land or part thereof. The Court has yet to fix the date for the hearing of this application.

Our Solicitors are of the opinion that the plaintiffs’ action is unsustainable and misconceived and it is unlikely for the plaintiffs to succeed.

**12) Dividend Proposed or Declared**

- a) No dividend has been declared or recommended for the current quarter ended 30 September 2002.
- b) An interim dividend of 1.625 sen per ordinary share of 50 sen each, less 28% tax was paid on 21 October 2002 for the current financial year-to-date.

**13) Earnings per Share**

	<b>Current Quarter</b>		<b>Current Financial Year-to-date</b>	
	<b>30.9.2002</b>	<b>30.9.2001</b>	<b>30.9.2002</b>	<b>30.9.2001</b>
<b>a) Basic earnings per share</b>				
Net profit for the period (RM'000)	<b>23,226</b>	37,447	<b>60,998</b>	53,861
Weighted number of ordinary shares in issue	<b>741,335,000</b>	741,335,000	<b>741,335,000</b>	741,335,000
Basic earnings per share (sen)	<b>3.13</b>	5.05	<b>8.23</b>	7.27
<b>b) Diluted earnings per share</b>				
Net profit for the period (RM'000)	<b>23,226</b>	37,447	<b>60,998</b>	53,861
<b>Adjusted weighted number of ordinary shares in issue</b>				
Weighted number of ordinary shares in issue	<b>741,335,000</b>	741,335,000	<b>741,335,000</b>	741,335,000
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	<b>1,003,661</b>	641,446	<b>1,041,543</b>	578,683
	<b>742,338,661</b>	741,976,446	<b>742,376,543</b>	741,913,683
Diluted earnings per share (sen)	<b>3.13</b>	5.05	<b>8.22</b>	7.26

By order of the Board

**TAN SRI MOHD AMIN BIN OSMAN**  
**Chairman**  
 Asiatic Development Berhad