



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
 Website: <http://www.asiatic.com.my> E-mail: info@asiatic.com.my

THIRD QUARTERLY REPORT

Quarterly report on consolidated results for the third quarter ended 30 September 2008. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2007 RM'000	CURRENT YEAR TO-DATE 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2007 RM'000
Revenue	286,643	264,220	881,631	605,940
Cost of sales	(125,648)	(113,971)	(392,252)	(273,680)
Gross profit	160,995	150,249	489,379	332,260
Other income	7,866	5,112	20,458	13,116
Other expenses	(29,839)	(20,575)	(73,413)	(54,176)
Profit from operations	139,022	134,786	436,424	291,200
Share of results in associates	(228)	644	3,186	2,083
Profit before taxation	138,794	135,430	439,610	293,283
Taxation	(30,048)	(32,150)	(98,792)	(67,231)
Profit for the financial period	108,746	103,280	340,818	226,052
Attributable to:				
Equity holders of the Company	107,144	101,770	336,390	223,224
Minority interests	1,602	1,510	4,428	2,828
	<u>108,746</u>	<u>103,280</u>	<u>340,818</u>	<u>226,052</u>
Basic earnings per share - sen	<u>14.16</u>	<u>13.52</u>	<u>44.49</u>	<u>29.68</u>
Diluted earnings per share - sen	<u>14.13</u>	<u>13.44</u>	<u>44.37</u>	<u>29.50</u>

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.)



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008

	AS AT 30/9/2008 RM'000	AS AT 31/12/2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	412,073	384,239
Land held for property development	315,610	232,765
Investment properties	11,855	10,594
Plantation development	498,909	469,510
Leasehold land use rights	243,695	249,180
Intangible assets	60,773	16,955
Jointly controlled entity	1,970	1,901
Associates	14,478	11,291
Long term investments	32,016	32,718
Deferred taxation	7,731	6,871
Current assets		
Property development costs	47,674	111,150
Inventories	141,371	119,500
Trade and other receivables	143,083	138,349
Amount due from associates	639	803
Short term investments	384,886	204,234
Bank balances and deposits	275,163	290,860
	992,816	864,896
TOTAL ASSETS	2,591,926	2,280,920
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	378,333	377,569
Reserves	1,939,237	1,686,740
	2,317,570	2,064,309
Minority interests	13,813	11,549
<i>Total equity</i>	2,331,383	2,075,858
Non-current liabilities		
Other payables	15,592	15,592
Provision for directors' retirement gratuities	2,331	2,331
Deferred taxation	37,632	40,613
	55,555	58,536
Current liabilities		
Trade and other payables	130,618	119,220
Amount due to ultimate holding and other related companies	337	1,364
Short term borrowings	6,115	-
Taxation	39,921	25,942
Dividend	27,997	-
	204,988	146,526
<i>Total liabilities</i>	260,543	205,062
TOTAL EQUITY AND LIABILITIES	2,591,926	2,280,920
NET ASSETS PER SHARE (RM)	3.06	2.73

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008

	<----- Attributable to equity holders of the Company ----->								
	Share Capital RM'000	Share Premium RM'000	Re- valuation Reserve RM'000	Reserve on Exchange Differences RM'000	Option Reserve RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
Balance at 1 January 2008	377,569	37,933	18,063	(3,868)	653	1,633,959	2,064,309	11,549	2,075,858
Foreign exchange differences recognised directly in equity	-	-	-	2,284	-	-	2,284	-	2,284
Net income/(expense) recognised directly in equity	-	-	-	2,284	-	-	2,284	-	2,284
Profit for the financial period	-	-	-	-	-	336,390	336,390	4,428	340,818
Total recognised income and expense for the financial period	-	-	-	2,284	-	336,390	338,674	4,428	343,102
Minority interests' share of dividend paid	-	-	-	-	-	-	-	(2,164)	(2,164)
Asiatic Executive Share Option Scheme									
- Shares issued [see Note I(e)]	764	1,793	-	-	-	-	2,557	-	2,557
- Fair value of employees' services	-	147	-	-	36	-	183	-	183
Appropriation:									
- Special dividend paid for the financial year ended 31 December 2007 (6 sen less 26% tax)	-	-	-	-	-	(33,573)	(33,573)	-	(33,573)
- Final dividend paid for the financial year ended 31 December 2007 (4.75 sen less 26% tax)	-	-	-	-	-	(26,583)	(26,583)	-	(26,583)
- Interim dividend payable for the financial year ending 31 December 2008 (5 sen less 26% tax)	-	-	-	-	-	(27,997)	(27,997)	-	(27,997)
	-	-	-	-	-	(88,153)	(88,153)	-	(88,153)
Balance at 30 September 2008	<u>378,333</u>	<u>39,873</u>	<u>18,063</u>	<u>(1,584)</u>	<u>689</u>	<u>1,882,196</u>	<u>2,317,570</u>	<u>13,813</u>	<u>2,331,383</u>



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (Continued)

	<----- Attributable to equity holders of the Company ----->								
	Share Capital	Share Premium	Re- valuation Reserve	Reserve on Exchange Differences	Option Reserve	Retained Earnings	Total	Minority Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2007	375,211	32,948	18,075	(355)	379	1,331,105	1,757,363	11,392	1,768,755
Revaluation surplus realised from sale of land	-	-	(12)	-	-	12	-	-	-
Foreign exchange differences recognised directly in equity	-	-	-	(1,391)	-	-	(1,391)	-	(1,391)
Net income/(expense) recognised directly in equity	-	-	(12)	(1,391)	-	12	(1,391)	-	(1,391)
Profit for the financial period	-	-	-	-	-	223,224	223,224	2,828	226,052
Total recognised income and expense for the financial period	-	-	(12)	(1,391)	-	223,236	221,833	2,828	224,661
Minority interests' share of dividend paid	-	-	-	-	-	-	-	(1,869)	(1,869)
Asiatic Executive Share Option Scheme									
- Shares issued	1,300	2,676	-	-	-	-	3,976	-	3,976
- Fair value of employees' services	-	-	-	-	206	-	206	-	206
Appropriation:									
- Final dividend paid for the financial year ended 31 December 2006 (4.25 sen less 27% tax)	-	-	-	-	-	(23,357)	(23,357)	-	(23,357)
- Interim dividend payable for the financial year ending 31 December 2007 (3.25 sen less 27% tax)	-	-	-	-	-	(17,865)	(17,865)	-	(17,865)
	-	-	-	-	-	(41,222)	(41,222)	-	(41,222)
Balance at 30 September 2007	<u>376,511</u>	<u>35,624</u>	<u>18,063</u>	<u>(1,746)</u>	<u>585</u>	<u>1,513,119</u>	<u>1,942,156</u>	<u>12,351</u>	<u>1,954,507</u>

(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 2007 and the accompanying explanatory notes attached to this interim financial report.)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008

	2008 RM'000	2007 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	439,610	293,283
Adjustments for:		
Depreciation and amortisation	15,436	16,342
Interest income	(14,271)	(8,283)
Share of results in associates	(3,186)	(2,083)
Others	(34)	1,058
	(2,055)	7,034
Operating profit before changes in working capital	437,555	300,317
Changes in working capital:		
Net change in current assets	(55,137)	(41,106)
Net change in current liabilities	12,334	14,081
	(42,803)	(27,025)
Cash generated from operations	394,752	273,292
Tax paid (<i>net of tax refund</i>)	(77,024)	(38,028)
NET CASH GENERATED FROM OPERATING ACTIVITIES	317,728	235,264
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(43,849)	(26,855)
Plantation development	(25,468)	(15,768)
Purchase of intangible assets	(43,818)	-
Other investing activities	13,881	6,926
NET CASH USED IN INVESTING ACTIVITIES	(99,254)	(35,697)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,557	3,976
Proceeds from bank borrowings	6,115	-
Dividend paid	(60,156)	(23,357)
Dividend paid to minority shareholders	(2,164)	(1,869)
NET CASH USED IN FINANCING ACTIVITIES	(53,648)	(21,250)
NET INCREASE IN CASH AND CASH EQUIVALENTS	164,826	178,317
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	495,094	261,363
EFFECT OF CURRENCY TRANSLATION	129	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	660,049	439,680
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	384,886	181,175
Bank balances and deposits	275,163	258,505
Cash and cash equivalents at end of financial period	660,049	439,680

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.)



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ASIATIC DEVELOPMENT BERHAD NOTES TO THE INTERIM FINANCIAL REPORT - THIRD QUARTER ENDED 30 SEPTEMBER 2008

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

a) *Accounting Policies and Methods of Computation*

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements. The financial information for the nine months period ended 30 September 2008 have been reviewed by the Company’s auditor in accordance with the International Standards on Review Engagements (“ISRE”) 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007. 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 2007 except for the following:

In the current financial period, the Group adopted the following revised FRSs and IC interpretation which are applicable to financial statements for annual periods beginning on or after 1 January 2008 and are relevant to its operations:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation.	

IC Interpretation 8 Scope of FRS 2

The above FRSs and IC interpretation do not have any significant financial impact on the Group for the financial period ended 30 September 2008 and corresponding financial period ended 30 September 2007.

b) *Seasonal or Cyclical Factors*

Fresh fruit bunches (“FFB”) production is seasonal in nature. Production of FFB normally peaks in the second half of the year but this cropping pattern can be affected by changes in weather conditions.

c) *Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow*

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow for the financial period ended 30 September 2008.

d) *Material Changes in Estimates*

There were no material changes in estimates of amounts reported in prior interim periods of the current financial period ended 30 September 2008 or that of prior financial years.

e) ***Changes in Debt and Equity Securities***

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity during the financial period ended 30 September 2008 other than the issuance of 1,527,000 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 **92** sen, **145** sen, **165** sen and **183** sen per ordinary share.

f) ***Dividend Paid***

Dividends paid during the financial period ended 30 September 2008 are as follows :-

	RM'000
i) Special dividend paid on 27 March 2008 for the financial year ended 31 December 2007	
- 6 sen less 26% tax per ordinary share of 50 sen each	33,573
ii) Final dividend paid on 15 July 2008 for the financial year ended 31 December 2007	
- 4.75 sen less 26% tax per ordinary share of 50 sen each	26,583
	60,156

g) ***Segment Information***

Segment analysis for the financial period ended 30 September 2008 is set out below:

	Plantation RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue – external	798,323	83,308	-	881,631
Segment profit/(loss)	417,959	12,342	(8,148)	422,153
Interest income				14,271
Share of results in associates				3,186
Profit before taxation				439,610
Taxation				(98,792)
Profit for the financial period				340,818

h) ***Valuation of Property, Plant and Equipment***

There were no changes to valuation of property, plant and equipment brought forward from the previous financial year.

i) ***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 2008 that have not been reflected in this interim financial report.

j) ***Changes in the Composition of the Group***

There were no material changes in the composition of the Group for the financial period ended 30 September 2008.

k) 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 2007.

l) Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 30 September 2008 are as follows:

	Contracted RM'000	Not Contracted RM'000	Total RM'000
Property, plant and equipment	27,602	138,901	166,503
Intellectual property development	17,298	-	17,298
Plantation development	25,098	112,566	137,664
Investment properties	-	6,200	6,200
	69,998	257,667	327,665



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ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

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

1) Review of Performance

The results of the Group are tabulated below:

RM' Million	CURRENT QUARTER		%	PRECEDING QUARTER		FINANCIAL YEAR-TO-DATE		%
	2008	2007		2Q 2008	% +/-	3Q 2008	3Q 2007	
Revenue								
Plantation	261.4	247.9	+5	287.4	-9	798.3	555.8	+44
Property	25.2	16.3	+55	34.5	-27	83.3	50.1	+66
	286.6	264.2	+8	321.9	-11	881.6	605.9	+46
Profit before tax								
o Plantation	130.8	131.2	-	153.7	-15	418.0	276.0	+51
o Property	4.6	0.5	>100	3.8	+21	12.3	6.5	+89
o Others	3.4	3.7	-8	0.1	>100	9.3	10.8	-14
	138.8	135.4	+3	157.6	-12	439.6	293.3	+50

The Group registered an 8% and 3% increase in revenue and pre-tax profit respectively for the current quarter as compared to previous year's corresponding period on the back of higher palm products prices. The lower increase in pre-tax profit was reflective of the upward cost pressure arising from higher fuel and fertilizer costs.

For the financial year-to-date, the Group's revenue and pre-tax profit were markedly higher by 46% and 50% respectively as compared to previous year's corresponding period on the back of higher palm products prices and FFB production. The Group achieved an average CPO and PK selling prices of RM3,240/mt and RM1,870/mt for the current financial year-to-date as compared to RM2,343/mt and RM1,333/mt respectively for the same period last year.

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 lower than the preceding quarter on account of lower palm products prices in spite of a 17% increase in FFB production.

3) Prospects

In view of the prevailing palm product prices, the performance of the Group for the final quarter of the current financial year is expected to be lower 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 financial year.

5) *Taxation*

Tax charge 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 taxation:		
- Income tax charge	35,699	102,633
- Deferred tax credit	(5,651)	(6,965)
	-----	-----
	30,048	95,668
Prior year's taxes:		
- Deferred tax under provided	-	3,124
	-----	-----
	30,048	98,792
	=====	=====

The effective tax rate for the current quarter and financial year-to-date is lower than the statutory tax rate mainly due to a reversal of deferred tax liabilities. The lower effective tax rate for financial year-to-date is also due to utilisation of tax incentive which is subject to agreement of the relevant authorities.

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 and current financial period ended 30 September 2008.

8) *Status of Corporate Proposals Announced*

Proposed Joint Venture in Oil Palm Cultivation

- a) On 8 June 2005, the Company announced that five of its subsidiaries had entered into five separate Joint Venture Agreements for the cultivation of oil palm on approximately 98,300 hectares of land in Kabupaten Ketapang, Provinsi Kalimantan Barat, the Republic of Indonesia. One of the Joint Venture Agreements has become unconditional on 5 December 2007 and the joint venture company, PT Sepanjang Intisurya Mulia has secured the Hak Guna Usaha certificate for 14,261 hectares of land. The other four Joint Venture Agreements have yet to become unconditional and the parties to the said agreements have mutually agreed to extend the period for fulfilment of the conditions precedent up to and including 8 June 2009.
- b) On 13 August 2008, the Company announced that Ketapang Agri Holdings Pte Ltd, an indirect wholly-owned subsidiary of the Company, had on 12 August 2008 entered into a joint venture agreement with Palma Citra Investama Pte Ltd and PT Sawit Mandira to develop approximately 15,800 hectares of agricultural land into oil palm plantation in Kabupaten Ketapang, Provinsi Kalimantan Barat, the Republic of Indonesia ("the Land") ("the Proposed Joint Venture"). The Proposed Joint Venture will be undertaken by PT Sawit Mitra Abadi ("the Joint Venture Company"). The Proposed Joint Venture is subject to, inter-alia, the following conditions precedent being obtained no later than 31 December 2011:
 - i) the approval of Bank Negara Malaysia;
 - ii) the approval of Badan Koordinasi Penanaman Modal or Investment Coordinating Board of the Republic of Indonesia; and
 - iii) a due diligence study on the Land and the Joint Venture Company.

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

As at 18 November 2008, there have been no material changes to the status of the above proposals.

- c) On 3 October 2008, Mediglove Sdn Bhd's ("Mediglove") proposed joint venture for the purpose of acquiring and developing approximately 45,000 hectares of oil palm plantation in Kabupaten Kapuas, Provinsi Kalimantan Tengah, the Republic of Indonesia ("Proposed JV") has been completed. Mediglove has thus subscribed for 6,000,000 ordinary shares representing 60% equity interest in Asianindo Holdings Pte Ltd ("AIH") for a cash consideration of USD9.0 million and 3,000 ordinary shares representing 30% equity interest in GaiaAgri Services Limited ("GAS") for a cash consideration of USD3,000. The remaining 40% equity interest in AIH and 70% equity interest in GAS are held by Kara Agri Pte Ltd and GaiaAgri Holdings Limited respectively. Arising therefrom, the wholly-owned subsidiaries of AIH, namely, Asian Palm Oil Pte Ltd (formerly known as Gaiaagri Palm Oil Pte Ltd), AsianIndo Palm Oil Pte Ltd and Kara Palm Oil Pte Ltd, all incorporated in Singapore have become indirect subsidiaries of the Company.

9) *Group Borrowings and Debt Securities*

The details of the Group's borrowings as at 30 September 2008 are set out below:

	RM'000
Unsecured short term borrowings	
Bridging loan denominated in Indonesia Rupiah ("IDR") (IDR16,572,039,830)	6,115 ====

The Group does not have any debt securities as at 30 September 2008.

10) *Off Balance Sheet Financial Instruments*

There are no off balance sheet financial instruments as at 18 November 2008.

11) *Changes in Material Litigation*

On the status of the legal Suit No. K22-245 of 2002 filed in the High Court of Sabah and Sarawak at Kota Kinabalu ("the High Court") wherein the Company and Asiatic Tanjung Bahagia Sdn Bhd ("ATBSB") were named as the Second and Third Defendants respectively ("the Defendants") ("the Suit"), the High Court had on 20 June 2008 upheld the Defendants' preliminary objection with costs awarded to the Defendants. 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.

The Defendants had raised a preliminary objection that the High Court has no original jurisdiction to hear the Suit and that this Suit will lead to multiplicity of action as the Plaintiffs had already made application to the Assistant Collector of Land Revenue for similar claims.

The Plaintiffs have filed a Notice of Appeal to the Court of Appeal on 7 July 2008 against the decision of the High Court made on 20 June 2008.

Our solicitors maintained 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 2008.

12) Dividend Proposed or Declared

- a) No dividend has been declared or recommended for the current quarter ended 30 September 2008.
- b) The total dividend payable for the current financial year-to-date was an interim dividend of 5 sen per ordinary share of 50 sen each, less 26% tax and was paid on 16 October 2008.

13) Earnings per Share

	Current Quarter 3Q 2008	Current Financial Year-To- Date
a) Basic earnings per share		
Profit for the financial period attributable to equity holders of the Company (<i>RM'000</i>)	107,144	336,390
Weighted average number of ordinary shares in issue (<i>'000</i>)	756,405	756,152
Basic earnings per share (<i>sen</i>)	14.16	44.49
b) Diluted earnings per share		
Profit for the financial period attributable to equity holders of the Company (<i>RM'000</i>)	107,144	336,390
Adjusted weighted average number of ordinary shares in issue (<i>'000</i>)		
Weighted average number of ordinary shares in issue	756,405	756,152
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	1,808	1,958
	758,213	758,110
Diluted earnings per share (<i>sen</i>)	14.13	44.37

14) 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 2007 did not contain any qualification.

TAN SRI MOHD AMIN BIN OSMAN
Chairman
Asiatic Development Berhad
25 November 2008