



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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FIRST QUARTERLY REPORT

27 May 2005

Quarterly report on consolidated results for the first quarter ended 31 March 2005. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2005

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/03/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2004 RM'000	CURRENT YEAR TO-DATE 31/03/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2004 RM'000
Revenue	106,445	93,672	106,445	93,672
Cost of sales	(54,746)	(46,070)	(54,746)	(46,070)
Gross profit	51,699	47,602	51,699	47,602
Other income	2,538	4,107	2,538	4,107
Other expenses	(12,157)	(9,906)	(12,157)	(9,906)
Profit from operations	42,080	41,803	42,080	41,803
Share of results in associates	1,290	1,363	1,290	1,363
Profit from ordinary activities before taxation	43,370	43,166	43,370	43,166
Taxation	(8,145)	(8,947)	(8,145)	(8,947)
Profit from ordinary activities after taxation	35,225	34,219	35,225	34,219
Minority shareholders' interests	(435)	(360)	(435)	(360)
Net profit for the period	34,790	33,859	34,790	33,859
Basic earnings per share - sen	4.68	4.56	4.68	4.56
Diluted earnings per share - sen	4.67	4.54	4.67	4.54

(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 31 MARCH 2005

	<i>(Unaudited)</i> AS AT END OF CURRENT QUARTER 31/3/2005 RM'000	<i>(Audited)</i> AS AT PRECEDING FINANCIAL YEAR END 31/12/2004 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	996,960	989,716
Land held for property development	234,135	232,565
Associates	12,776	11,919
Long term receivables from an associate	4,917	4,918
Deferred taxation	4,465	1,788
CURRENT ASSETS		
Property development costs	107,036	105,397
Inventories	119,199	112,824
Trade and other receivables	47,511	55,955
Amount due from associates	1,053	718
Short term investments	85,761	62,314
Bank balances and deposits	46,320	46,294
	<u>406,880</u>	<u>383,502</u>
CURRENT LIABILITIES		
Trade and other payables	89,750	84,578
Amount due to ultimate holding and other related companies	154	1,517
Taxation	9,150	9,256
	<u>99,054</u>	<u>95,351</u>
NET CURRENT ASSETS	<u>307,826</u>	288,151
	<u>1,561,079</u>	<u>1,529,057</u>
FINANCED BY		
SHARE CAPITAL	371,342	371,252
RESERVES	1,150,160	1,115,294
SHAREHOLDERS' EQUITY	1,521,502	1,486,546
MINORITY INTERESTS	10,333	9,898
NON-CURRENT LIABILITIES		
Deferred taxation	24,026	27,395
Provision for directors' retirement gratuities	5,218	5,218
	<u>29,244</u>	32,613
	<u>1,561,079</u>	<u>1,529,057</u>
NET TANGIBLE ASSETS PER SHARE (RM)	2.05	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 31 MARCH 2005

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Reserve on Exchange Differences RM'000	Unappro- priated Profits RM'000	Total RM'000
Balance at 1 January 2005	371,252	26,153	18,115	290	1,070,736	1,486,546
Issue of shares <i>[see Note I(f)]</i>	90	76	-	-	-	166
Net profit for the financial period	-	-	-	-	34,790	34,790
Balance at 31 March 2005	371,342	26,229	18,115	290	1,105,526	1,521,502
Balance at 1 January 2004	370,862	25,826	18,143	(715)	922,533	1,336,649
Issue of shares	317	266	-	-	-	583
Revaluation surplus realised upon sale of land, net of tax, not recognised in income statement	-	-	(21)	-	21	-
Net profit for the financial period	-	-	-	-	33,859	33,859
Balance at 31 March 2004	371,179	26,092	18,122	(715)	956,413	1,371,091

(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 31 MARCH 2005

	<i>Current Quarter 31/03/2005 RM'000</i>	<i>Preceding Year Corresponding Period 31/03/2004 RM'000</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit from ordinary activities before taxation	43,370	43,166
Adjustments for:		
Depreciation of property, plant and equipment	4,419	3,603
Interest income	(753)	(1,297)
Share of results in associates	(1,290)	(1,363)
Net surplus arising from compulsory acquisition of freehold land	-	(451)
Other adjustments	7	(242)
	<u>2,383</u>	<u>250</u>
Operating profit before changes in working capital	45,753	43,416
Changes in working capital:		
Net change in current assets	(655)	(3,718)
Net change in current liabilities	3,654	(2,686)
	<u>2,999</u>	<u>(6,404)</u>
Cash generated from operations	48,752	37,012
Tax paid	(11,915)	(15,534)
NET CASH GENERATED FROM OPERATING ACTIVITIES	36,837	21,478
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,943)	(5,711)
Deposit paid in respect of the proposed acquisitions of companies and plantation assets	-	(20,363)
Other investing activities	(587)	277
NET CASH USED IN INVESTING ACTIVITIES	(13,530)	(25,797)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares [see Note I(f)]	166	583
NET CASH GENERATED FROM FINANCING ACTIVITIES	166	583
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23,473	(3,736)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	108,608	207,509
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	132,081	203,773
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	85,761	117,000
Bank balances and deposits	46,320	86,773
Cash and cash equivalents at end of financial period	132,081	203,773

(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
- FIRST QUARTER ENDED 31 MARCH 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*

There were no unusual items affecting the assets, liabilities, equities, net income or cash flow for the current quarter ended 31 March 2005.

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*

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity during the current financial period ended 31 March 2005 other than the issuance of **180,000** new ordinary shares of 50 sen each, for cash, arising from the exercise of options granted under the Asiatic Executive Share Option Scheme at 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 current quarter is set out below:

	Plantation RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue – external	95,210	11,235	-	106,445
Segment profit	40,162	582	583	41,327
Interest income				753
Share of results in associates				1,290
Profit from ordinary activities before taxation				43,370
Taxation				(8,145)
Profit from ordinary activities after taxation				35,225
Minority interests				(435)
Net profit for the current financial period				34,790

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 quarter 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 year-to-date.

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

m) Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 31 March 2005 are as follows:

	Contracted RM'000	Not Contracted RM'000	Total RM'000
Property, plant and equipment	17,052	54,146	71,198

**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA – FIRST QUARTER ENDED
31 MARCH 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	
	1Q2005 RM'Million	1Q2004 RM'Million	% +/-	4Q2004 RM'Million	% +/-
Revenue					
Plantation	95.2	81.3	+17	143.5	-34
Property	11.2	12.4	-10	9.2	+22
	106.4	93.7	+14	152.7	-30
Profit before tax and unusual items					
o Plantation	40.2	37.8	+6	65.2	-38
o Property	0.6	1.5	-60	0.1	N/A
o Others	2.6	3.4	-24	2.3	+13
	43.4	42.7	+2	67.6	-36
Net surplus arising from compulsory acquisition of freehold land	-	0.5	N/A	0.3	N/A
Profit before tax	43.4	43.2	-	67.9	-36

For the current quarter under review, the Group registered a **14%** increase in revenue as compared to that of the previous year's corresponding quarter mainly due to higher FFB production as a result of yield improvement and the inclusion of crop from plantations acquired in the second quarter of 2004.

Profit before tax for the current quarter was only marginally higher than that of the previous year's same quarter as the full effect of the increase in FFB production was substantially offset by the lower CPO selling prices registered in the current quarter.

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 **36%** lower than that of the preceding quarter mainly due to the seasonally lower FFB production coupled with lower CPO selling prices.

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 are set out below:

	Current Quarter RM'000
Current taxation:	
- Malaysian income tax charge	9,928
- Deferred tax credit	(308)
Share of tax in associates	345

	9,965
Prior financial years' taxation:	
- Income tax under provided	3,918
- Deferred tax over provided	(5,738)
	(1,820)

	8,145
	=====

The effective tax rate for the current quarter before the adjustment for prior years' taxes as disclosed above, is lower than the statutory tax rate mainly due to utilisation of agriculture allowance.

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 31 March 2005.

8) *Status of Corporate Proposals Announced*

On 12 April 2005, the Company announced that the present mandate granted by the shareholders of the Company on 22 June 2004 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 742,683,000 ordinary shares of 50 sen each as at 12 April 2005 (“the Proposed Share Buy-Back”).

As at 20 May 2005, the Proposed Share Buy-Back is subject to the approval of the shareholders at the AGM to be convened.

9) *Group Borrowings and Debt Securities*

The Group does not have any borrowings or debt securities as at 31 March 2005.

10) *Off Balance Sheet Financial Instruments*

There are no off balance sheet financial instruments as at 20 May 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”).

The hearing of our appeal against the Court’s decision in dismissing our application to strike out the Plaintiffs’ writ of summons and statement of claims which was fixed on 15 April 2005, has been adjourned until further notice.

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 20 May 2005.

12) *Dividend Proposed or Declared*

No dividend has been proposed or declared for the current quarter ended 31 March 2005

13) *Earnings per Share*

**Current
Quarter
1Q2005**

a) **Basic earnings per share**

Net profit for the financial period (<i>RM'000</i>)	34,790
	=====
Weighted number of ordinary shares in issue (<i>'000</i>)	742,630
	=====
Basic earnings per share (<i>sen</i>)	4.68
	=====

b) **Diluted earnings per share**

Net profit for the financial period (<i>RM'000</i>)	34,790
	=====
<i>Adjusted weighted number of ordinary shares in issue ('000)</i>	
Weighted number of ordinary shares in issue	742,630
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	2,091
	744,721
	=====
Diluted earnings per share (<i>sen</i>)	4.67
	=====

TAN SRI MOHD AMIN BIN OSMAN
Chairman
Asiatic Development Berhad