

**EQUINE CAPITAL BERHAD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MASB 26**

**1. BASIS OF PREPARATION**

The interim financial statements of Equine Capital Berhad (“ECB”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with MASB 26: “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2004. These explanatory notes attached to this interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

The accounting policies and methods of computation adopted in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2004.

**2. AUDITORS’ REPORT ON REPORTING ANNUAL FINANCIAL STATEMENTS**

The auditors’ report on the financial statements of ECB for the financial year ended 31 March 2004 was not qualified.

**3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group’s performance for the quarter ended 30 June 2004 was not affected by significant seasonal or cyclical fluctuations.

**4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.

**5. CHANGES IN ESTIMATES**

There were no changes in estimates that had a material effect on the financial statements during the quarter under review.

**6. DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

**7. DIVIDENDS PAID**

There were no dividends paid during the quarter under review.

## 8. SEGMENTAL INFORMATION

The Group's operations comprise the following business segments:

Property development: Development of residential and commercial properties

Property investment: Rental of properties

Investment holding: Investment holding

The Group's primary segment reporting is based on the business segment. The Group operates predominantly in Malaysia and accordingly, no geographical segment is presented.

### Segment Revenue and Results

Group	<u>Property Development</u> RM'000	<u>Property Investment</u> RM'000	<u>Investment Holding</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
<b>01.04.2004 to 30.06.2004</b>					
<b>Revenue</b>					
External sales	45,124	339	-	-	45,463
<b>Results</b>					
Segment results	5,167	113	(541)	-	4,739
Unallocated items:					
- Finance costs					(1,191)
Profit before tax					3,548
Share of profits in associated companies					2,200
Consolidated profit before tax					5,748
Tax expense					(2,082)
Consolidated profit after tax					3,666
Minority interests					(18)
Net profit for the financial period					3,648

There were no comparative segment revenue and results for the previous year corresponding quarter as Equine Capital Berhad's first announcement was for the quarter ended 30 September 2003.

## Other Information

<b>Group</b>	<b><u>Property Development</u> RM'000</b>	<b><u>Property Investment</u> RM'000</b>	<b><u>Investment Holding</u> RM'000</b>	<b><u>Elimination</u> RM'000</b>	<b><u>Total</u> RM'000</b>
<b>30.06.2004</b>					
Segment assets	418,515	19,449	16,116	-	454,080
Investment in associated companies					<u>56,730</u>
Total assets					<u>510,810</u>
Segment liabilities	190,978	524	52,888	-	244,390
Total liabilities					<u>244,390</u>
Capital expenditure	484	-	-	-	484
Depreciation	256	42	-	-	298
Non cash expenses other than depreciation	458	-	-	-	458
<b>31.03.2004</b>					
Segment assets	415,162	19,784	16,459	-	451,405
Investment in associated companies					<u>55,050</u>
Total assets					<u>506,455</u>
Segment liabilities	192,229	626	51,935	-	244,790
Total liabilities					<u>244,790</u>
Capital expenditure	1,339	-	-	-	1,339
Depreciation	559	84	-	-	643
Non cash expenses other than depreciation	1,720	-	-	-	1,720

## 9. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the quarter ended 30 June 2004 that have not been reflected in the financial statements for the quarter under review.

## 10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter ended 30 June 2004.

## 11. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no material contingent assets and contingent liabilities as at date of this report.

## 12. CAPITAL COMMITMENTS

There were no material capital commitments as at date of this report.

## **PART B – EXPLANATORY NOTES PURSUANT TO THE REVISED LISTING REQUIREMENTS OF BURSA SECURITIES**

### **1. REVIEW OF PERFORMANCE FOR THE CURRENT QUARTER AND COMPARISON WITH PRECEDING QUARTER'S RESULTS**

For the quarter ended 30 June 2004, the ECB Group achieved revenue of RM45.5 million and a pre-tax profit of RM5.7 million as compared to a revenue of RM46.1 million and a pre-tax profit of RM6.9 million for the previous quarter ended 31 March 2004.

As compared to the previous quarter, the decrease in pre-tax profit of 19% was mainly due mainly to the lower share of profit in an associated company, Pharmaniaga Logistics Sdn Bhd.

During the quarter under review, the Group has completed and handed over 2 projects, namely the Phase 2 double-storey terrace houses at Pusat Bandar Putra Permai ("PBPP") and the townhouses at Equine Park. Performance for the quarter under review was satisfactory.

### **2. COMMENTARY ON PROSPECTS**

Earnings prospect of the ECB Group is anchored by lock-in sales of RM236.6 million as at 30 June 2004, generated by the ongoing PBPP and the Equine Square shop-office projects. This figure translates into a take-up rate of 76% of the total gross development value of RM310.4 million for all ongoing projects. The unbilled sales of RM143.3 million as at 31 July 2004 will underpin ECB Group's performance for the year.

The Group targets to launch several new launches during the next few months, targeting both the residential and commercial segments in rapidly developing Seri Kembangan, and these new launches are expected to continue to achieve strong take-up rates.

Based on the current performance of the ECB Group, the Board of Directors is confident that the Group's results will be sustained for the remaining quarters of the financial year.

### **3. VARIANCES ON PROFIT FORECAST**

This explanatory note is not applicable as no profit forecast was issued for the financial year ending 31 March 2005.

### **4. TAXATION**

	<b>Current Quarter</b>	<b>Current Year Todate</b>
	<b><u>30.06.2004</u></b>	<b><u>30.06.2004</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Current year taxation	2,822	2,822
Share of taxation in associated companies	520	520
	<u>3,342</u>	<u>3,342</u>
Deferred taxation	(1,260)	(1,260)
	<u>2,082</u>	<u>2,082</u>

The effective tax rate for the quarter presented above was higher than the statutory tax rate principally due to the non availability of group relief in respect of losses incurred by certain subsidiary companies, and expenses which are not deductible for tax purposes.

**5. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no sales of investments and/or properties during the quarter under review.

**6. DEALINGS IN QUOTED SECURITIES**

There were no purchases and disposals of quoted securities during the quarter under review.

**7. CORPORATE PROPOSALS**

There were no new corporate proposals announced during the quarter under review.

**8. BORROWINGS AND DEBT SECURITIES**

	<b>As at End of Current Quarter 30.06.2004 RM'000</b>	<b>As at Preceding Year End 31.03.2004 RM'000</b>
Short term borrowings:		
Secured	70,026	76,230
Unsecured	-	-
	<hr/> 70,026	<hr/> 76,230
Long term borrowings:		
Secured	33,154	35,506
Unsecured	-	-
	<hr/> 33,154	<hr/> 35,506

**9. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no material instruments with off balance sheet risk issued as at date of this report.

**10. CHANGES IN MATERIAL LITIGATION**

There were no material litigations that might adversely and materially affect the position of the Group as at the date of this report.

**11. DIVIDEND**

No dividend has been proposed for the current quarter ended 30 June 2004.

## 12. EARNINGS PER SHARE

### a) Basic

The basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	<b>Current Quarter <u>30.06.2004</u></b>	<b>Current Year Todate <u>30.06.2004</u></b>
Net profit for the period (RM'000)	3,648	3,648
Weighted average number of ordinary shares in issue ('000)	150,015	150,015
Basic earnings per share (sen)	<u>2.43</u>	<u>2.43</u>

### b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the period and weighted average number of ordinary shares in issue during the period have been adjusted for the effects of dilutive potential ordinary shares from the conversion of ICULS.

	<b>Current Quarter <u>30.06.2004</u></b>	<b>Current Year Todate <u>30.06.2004</u></b>
Net profit for the period (RM'000)	<u>3,648</u>	<u>3,648</u>
Weighted average number of ordinary shares in issue ('000)	150,015	150,015
Adjustment for assumed conversion of ICULS ('000)	<u>77,323</u>	<u>77,323</u>
Adjusted weighted average number of ordinary shares in issue and issuable	<u>227,338</u>	<u>227,338</u>
Diluted earnings per share (sen)	<u>1.60</u>	<u>1.60</u>

## 13. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors duly passed at the Board of Directors' Meeting held on 17 August 2004.

### By Order of the Board

Mah Li Chen (MAICSA 7022751)  
Tan Fong Shian @ Lim Fong Shian (MAICSA 7023187)  
Company Secretary  
Kuala Lumpur  
17 August 2004