

**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 the 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 these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2004.

The comparative figures for the preceding year-to-date ended 30 September 2003 were for a period of approximately one-and-half months since ECB’s acquisition of all subsidiaries in August 2003. ECB’s first quarterly announcement to Bursa Securities was for the quarter ended 30 September 2003.

**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 September 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 during the quarter under review that had a material effect on the interim financial statements.

**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>01.4.2004 to 30.9.2004</b>					
<b>Revenue</b>					
External sales	77,984	656	-	-	78,640
<b>Results</b>					
Segment results	7,941	170	(535)	-	7,576
Unallocated items:					
- Finance costs					(2,225)
Share of profits in associated companies					6,120
Profit before taxation					11,471
Tax expense					(3,976)
Profit after taxation					7,495
Minority interests					(25)
Net profit for the period					7,470

<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>01.7.2003 to 30.9.2003</b>					
<b>Revenue</b>					
External sales	14,923	-	-	-	14,923
<b>Results</b>					
Segment results	1,298	-	(197)	-	1,101
Unallocated items:					
- Finance costs					(310)
Share of profits in associated companies					1,704
Profit before taxation					2,495
Tax expense					(930)
Profit after taxation					1,565
Minority interests					(9)
Net profit for the period					1,556

**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>30.9.2004</b>					
Segment assets	415,737	19,016	16,203	-	450,956
Investment in companies					59,435
Total assets					510,391
Segment liabilities	189,799	536	50,971	-	241,306
Total liabilities					241,306
Capital expenditure	843	-	-	-	843
Depreciation	524	84	-	-	608
Non cash expenses than depreciation	442	-	-	-	442

<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>31.3.2004</b>					
Segment assets	415,162	19,784	16,459	-	451,405
Investment in companies					55,050
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 than depreciation	1,720	-	-	-	1,720

## 9. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the quarter ended 30 September 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 September 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 THE PRECEDING QUARTER'S RESULTS**

During the quarter under review, the Group recorded revenue of RM33.2 million and pre-tax profit of RM5.7 million. Cumulatively for the six-months ended 30 September 2004, the Group achieved revenue of RM78.6 million and pre-tax profit of RM11.5 million.

Revenue for quarter under review has decreased by 27% as compared to the preceding quarter's revenue of RM45.4 million as during the preceding quarter, the Group has completed and handed over 2 projects, namely Pusat Bandar Putra Permai Phase 2 and Equine Park Parkhouse.

With a higher share of profit from Pharmaniaga Logistics Sdn Bhd of RM3.9 million, the Group has maintained its pretax profit at approximately RM5.7 million for both quarters ended 30 June 2004 and 30 September 2004.

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

The Group launched the Permai Square shop-offices at Pusat Bandar Putra Permai (PBPP) during the quarter under review. The budgeted gross development value (GDV) of Permai Square shop-offices is approximately RM28.3 million, of which RM14.5 million (or 51%) have been sold as at 30 September 2004.

Earnings prospect of the Group continues to be anchored by lock-in sales of RM254.1 million as at 30 September 2004, generated by the ongoing PBPP (including the Permai Square shop-offices) and the Equine Square shop-office projects. This figure translates into a take-up rate of 80% of the total GDV of RM317.1 million for all ongoing projects. The unbilled sales of RM133.9 million as at 30 September 2004 which will underpin ECB Group's performance for the remaining part of the year.

The Group expects to launch at least two more projects within the next four (4) months, targeting both the residential and commercial segments in rapidly developing Seri Kembangan, and these new launches are expected to continue to achieve good 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 half 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 Year Quarter <u>30.9.2004</u> RM'000</b>	<b>Preceding Year Corresponding Quarter <u>30.9.2003</u> RM'000</b>	<b>Current Year Totale <u>30.9.2004</u> RM'000</b>	<b>Preceding Year Totale <u>30.9.2003</u> RM'000</b>
Current period taxation	1,867	912	4,689	912
Share of taxation in associated companies	1,214	579	1,734	579
	<u>3,081</u>	<u>1,491</u>	<u>6,423</u>	<u>1,491</u>
Deferred taxation	(1,187)	(561)	(2,447)	(561)
	<u>1,894</u>	<u>930</u>	<u>3,976</u>	<u>930</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 <u>30.9.2004</u> RM'000</b>	<b>As at Preceding Year End <u>31.3.2004</u> RM'000</b>
Short term borrowings:		
Secured	69,726	76,230
Unsecured	-	-
	<u>69,726</u>	<u>76,230</u>
Long term borrowings:		
Secured	37,745	35,506
Unsecured	-	-
	<u>37,745</u>	<u>35,506</u>

## 10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

## 11. 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.

## 12. DIVIDEND

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

## 13. 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 Year Quarter <u>30.9.2004</u></b>	<b>Preceding Year Corresponding Quarter <u>30.9.2003</u></b>	<b>Current Year ToDate <u>30.9.2004</u></b>	<b>Preceding Year ToDate <u>30.9.2003</u></b>
Net profit for the period (RM'000)	3,822	1,556	7,470	1,556
Weighted average number of ordinary shares in issue ('000)	150,015	40,867	150,015	20,433
Basic earnings per share (sen)	2.55	3.81	4.98	7.62

### 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 and RCSSL.

	Current Year Quarter <u>30.9.2004</u>	Preceding Year Corresponding Quarter <u>30.9.2003</u>	Current Year Todate <u>30.9.2004</u>	Preceding Year Todate <u>30.9.2003</u>
Net profit for the period (RM'000)	3,822	1,556	7,470	1,556
Adjustment for after tax effects of interest on RCSLS	-	283	-	283
Adjusted net profit for the period (RM'000)	3,822	1,839	7,470	1,839
Weighted average number of ordinary shares in issue ('000)	150,015	40,867	150,015	20,433
Adjustment for assumed conversion of RCSLS# ('000)	-	16,167	-	8,083
Adjustment for assumed conversion of ICULS* ('000)	77,323	25,800	77,323	12,900
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	227,338	82,834	227,338	41,416
Diluted earnings per share (sen)	1.68	2.22	3.28	4.44

# 7% Redeemable Convertible Secured Loan Stocks 2003/2008, which was fully redeemed by ECB in March 2004.

\* 3% Irredeemable Convertible Unsecured Loan Stocks 2003/2008

Note: The comparative figures for the preceding year-to-date ended 30 September 2003 were for a period of approximately one-and-half months since ECB's acquisition of all subsidiaries in August 2003.

#### 14. 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 23 November 2004.

By Order of the Board  
Mah Li Chen (MAICSA 7022751)  
Tan Fong Shian @ Lim Fong Shian (MAICSA 7023187)  
Company Secretary  
Kuala Lumpur  
23 November 2004