

**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 Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2005. 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 the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2005.

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

The auditors’ report on the financial statements of ECB for the financial year ended 31 March 2005 was not qualified.

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

The Group’s performance for the quarter ended 30 June 2005 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>1.4.2005 to 30.6.2005</b>					
<b>Revenue</b>					
External sales	30,145	410	-	-	30,555
<b>Results</b>					
Segment results	5,745	264	26	-	6,035
Unallocated items:					
- Finance costs					(483)
Profit before taxation					5,552
Tax expense					(1,796)
Profit after taxation					3,756
Minority interests					(15)
Net profit for the period					3,741
<b>1.4.2004 to 30.6.2004</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)
Share of profits in associated companies					2,200
Profit before taxation					5,748
Tax expense					(2,082)
Profit after taxation					3,666
Minority interests					(18)
Net profit for the period					3,648

## Other Information

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>30.6.2005</b>					
Segment assets	439,392	19,353	42,477	-	501,222
Investment in associated company					115
Total assets					<u>501,337</u>
Segment liabilities	178,002	811	25,513	-	204,326
Total liabilities					<u>204,326</u>
Capital expenditure					577
Depreciation					339
Non cash expenses other other than depreciation					183
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>31.3.2005</b>					
Segment assets	419,991	19,101	56,154	-	495,246
Investment in associated companies					115
Total assets					<u>495,361</u>
Segment liabilities	178,455	517	24,666	-	203,638
Total liabilities					<u>203,638</u>
Capital expenditure	-	-	-	-	4,926
Depreciation	-	-	-	-	1,285
Non cash expenses other other than depreciation	-	-	-	-	2,253

## 9. SUBSEQUENT EVENTS

There were no material events subsequent to the reporting period.

## 10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter ended 30 June 2005.

## 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 MALAYSIA**

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

For the quarter ended 30 June 2005, ECB Group achieved revenue of RM30.6 million and a pre-tax profit of RM5.6 million. Whilst revenue for the current quarter remained relatively consistent with the preceding quarter's revenue of RM33.4 million, the pre-tax profit was significantly lower than the preceding quarter's pre-tax profit of RM20.3 million as the latter included the share of profit in an associated company, Pharmaniaga Logistics Sdn Bhd ("PLSB"), of RM3.8 million and the gain on disposal of PLSB of RM10.9 million.

During the quarter under review, the Group completed and handed-over vacant possession for two phases, namely Phase 3A double-storey terrace houses in Pusat Bandar Putra Permai ("PBPP") and Equine Square Phase 1 shop-offices. With the recent launches of various commercial shop-offices in Seri Kembangan and Cheras which have achieved good take-up rates, the Group was able to maintain its development momentum. Its pre-tax profit of RM5.6 million for the quarter ended 30 June 2005 was relatively consistent with that of the previous year's corresponding quarter ended 30 June 2004 of RM5.7 million.

Performance for the quarter under review was satisfactory.

### 2. COMMENTARY ON PROSPECTS

Earnings prospect of the Group continues to be anchored by lock-in sales of RM288.6 million as at 30 June 2005, mainly generated by the ongoing PBPP, Equine Square Phase 2 shop-offices and Cheras projects. This figure reflected a take-up rate of 84% of the total gross development value ("GDV") of RM341.9 million for all ongoing projects. The corresponding unbilled sales as at 30 June 2005 was RM133.0 million.

Towards the end of July 2005, the Group launched its higher – tier product called 'The Sovereign', Zone 1, in Permai Park which comprises 54 units of semi-detached two-storey houses with a GDV of RM27.4 million. As at the date of this report, 24 units have been sold with a corresponding sales value of RM12.4 million and a take up rate of 45% within one month of launch.

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 Cheras, and these new launches are expected to continue to achieve strong take-up rates.

Based on current performance, the Group's results will remain satisfactory 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 2006.

### 4. TAXATION

	<b>Current Year Quarter 30.6.2005 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.6.2004 RM'000</b>	<b>Current Year Todate 30.6.2005 RM'000</b>	<b>Preceding Year Todate 30.6.2004 RM'000</b>
Current period taxation	2,533	2,822	2,533	2,822
Share of taxation in associated companies	-	520	-	520
	2,533	3,342	2,533	3,342
Deferred taxation	(737)	(1,260)	(737)	(1,260)
	<u>1,796</u>	<u>2,082</u>	<u>1,796</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 were not deductible for tax purposes.

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

There were no sales of unquoted 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 corporate proposals announced during the quarter under review up to the date of this Quarterly Report, other than the following:

- **Proposed CP/MTN Programme, comprising commercial papers of up to RM70 million ("CPs") and medium term notes of up to RM25 million ("MTNs").**

ECB and the relevant financial institutions had on 30 May 2005 executed the Programme Agreement and all other relevant documents in relation to the CP/MTN Programme. The issuance of the CP/MTN Programme is now pending fulfillment of all conditions precedent, which is expected to be completed within the next month.

## 8. BORROWINGS AND DEBT SECURITIES

	<b>As at End of Current Quarter <u>30.6.2005</u> RM'000</b>	<b>As at Preceding Year End <u>31.3.2005</u> RM'000</b>
Short term borrowings:		
Secured	71,700	75,738
Long term borrowings:		
Secured	6,599	7,074

## 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 2005.

## 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 Year Quarter <u>30.6.2005</u></b>	<b>Preceding Year Corresponding Quarter <u>30.6.2004</u></b>	<b>Current Year Todate <u>30.6.2005</u></b>	<b>Preceding Year Todate <u>30.6.2004</u></b>
Net profit for the period (RM'000)	3,741	3,648	3,741	3,648
Weighted average number of ordinary shares in issue ('000)	150,015	150,015	150,015	150,015
Basic earnings per share (sen)	2.49	2.43	2.49	2.43

## 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 year / period have been adjusted for the effects of dilutive potential ordinary shares from the conversion of ICULS.

	<b>Current Year Quarter <u>30.6.2005</u></b>	<b>Preceding Year Corresponding Quarter <u>30.6.2004</u></b>	<b>Current Year Totdate <u>30.6.2005</u></b>	<b>Preceding Year Totdate <u>30.6.2004</u></b>
Net profit for the period (RM'000)	3,741	3,648	3,741	3,648
Weighted average number of ordinary shares in issue (000)	150,015	150,015	150,015	150,015
Adjustment for assumed conversion of ICULS* (000)	77,323	77,323	77,323	77,323
Adjusted weighted average number of ordinary shares in issue and issuable (000)	227,338	227,338	227,338	227,338
Diluted earnings per share (sen)	1.65	1.60	1.65	1.60

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

## 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 30 August 2005.

By Order of the Board  
Mah Li Chen (MAICSA 7022751)  
Lim Siew Ting (MAICSA 7029466)  
Company Secretary  
Kuala Lumpur  
30 August 2005