

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 September 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, other than the issuance of commercial papers of up to RM70 million and medium term notes of up to RM25 million as detailed in Part B Note 7 below.

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
1.4.2005 to 30.9.2005					
Revenue					
External sales	59,626	734	-	-	60,360
Results					
Segment results	12,357	390	61	-	12,808
Unallocated items:					
- Finance costs					(935)
Profit before taxation					11,873
Tax expense					(3,945)
Profit after taxation					7,928
Minority interests					(21)
Net profit for the period					7,907
1.4.2004 to 30.9.2004					
Revenue					
External sales	77,984	656	-	-	78,640
Results					
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

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
30.9.2005					
Segment assets	462,780	19,503	46,235	-	528,518
Investment in associated company					115
Total assets					<u>528,633</u>
Segment liabilities				-	231,334
Total liabilities					<u>231,334</u>
Capital expenditure					1,643
Depreciation					711
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
31.3.2005					
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

On 20 October 2005, ECB had announced its first interim dividend of 2.5 sen per ordinary share less Malaysian Income Tax of 28% in respect of the financial year ending 31 March 2006. The entitlement date and payment date for the dividend are 15 November 2005 and 9 December 2005 respectively. It is the intention of the Company to maintain a dividend policy where an annual dividend of not less than the current dividend would be declared in the forthcoming years.

Save for the above, 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 September 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

During the quarter under review, the Group achieved revenue of RM29.8 million and pre-tax profit of RM6.3 million. Correspondingly, revenue and pre-tax profit for the half year ended 30 September 2005 were RM60.4 million and RM11.9 million respectively.

Revenue and pre-tax profit for the current quarter have remained relatively consistent with the preceding quarter of RM30.6 million and RM5.6 million respectively.

Performance for the quarter under review was satisfactory.

2. COMMENTARY ON PROSPECTS

Earnings prospect of the Group continues to be anchored by locked-in sales of RM319.1 million as at 30 September 2005, mainly generated by the ongoing PBPP, Equine Square Phase 2 shop-offices and Cheras projects. This figure reflected a take-up rate of 81% of the total gross development value ("GDV") of RM392.6 million for all ongoing projects. The corresponding unbilled sales as at 30 September 2005 was RM147.8 million.

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

	Current Year Quarter <u>30.9.2005</u> RM'000	Preceding Year Corresponding Quarter <u>30.9.2004</u> RM'000	Current Year Totale <u>30.9.2005</u> RM'000	Preceding Year Totale <u>30.9.2004</u> RM'000
Current period taxation	3,006	1,867	5,539	4,689
Share of taxation in associated companies	-	1,214	-	1,734
	<hr/> 3,006	<hr/> 3,081	<hr/> 5,539	<hr/> 6,423
Deferred taxation	(857)	(1,187)	(1,594)	(2,447)
	<hr/> 2,149	<hr/> 1,894	<hr/> 3,945	<hr/> 3,976

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:

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

ECB had on 23 September 2005 successfully issued the commercial papers and medium term notes pursuant to the CP/MTN Programme.

8. BORROWINGS AND DEBT SECURITIES

	As at End of Current Quarter 30.9.2005 RM'000	As at Preceding Year End 31.3.2005 RM'000
Short term borrowings (Secured):		
Hire purchase and lease creditors	710	486
Bank borrowings	29,916	75,252
Commercial Papers	5,000	-
	<u>35,626</u>	<u>75,738</u>
Long term borrowings (Secured):		
Hire purchase and lease creditors	1,336	1,090
Bank borrowings	3,017	5,984
Commercial Papers	65,000	-
Medium Term Notes	25,000	-
	<u>94,353</u>	<u>7,074</u>

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 September 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.

	Current Year Quarter 30.9.2005	Preceding Year Corresponding Quarter 30.9.2004	Current Year Todate 30.9.2005	Preceding Year Todate 30.9.2004
Net profit for the period (RM'000)	4,166	3,822	7,907	7,470
Weighted average number of ordinary shares in issue ('000)	150,015	150,015	150,015	150,015
Basic earnings per share (sen)	<u>2.78</u>	<u>2.55</u>	<u>5.27</u>	<u>4.98</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 year / period have been adjusted for the effects of dilutive potential ordinary shares from the conversion of ICULS.

	Current Year Quarter <u>30.9.2005</u>	Preceding Year Corresponding Quarter <u>30.9.2004</u>	Current Year Totdate <u>30.9.2005</u>	Preceding Year Totdate <u>30.9.2004</u>
Net profit for the period (RM'000)	4,166	3,822	7,907	7,470
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)	1.83	1.68	3.48	3.28

* 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 24 November 2005.

By Order of the Board
Mah Li Chen (MAICSA 7022751)
Lim Siew Ting (MAICSA 7029466)
Company Secretaries
Kuala Lumpur
24 November 2005