

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 31 December 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

On 9 December 2005, ECB paid its first interim dividend of 2.5 sen per ordinary share less 28% Income Tax amounting to RM2,700,283 in respect of the financial year ending 31 March 2006 .

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 31.12.2005					
Revenue					
External sales	89,323	1,897	-	-	91,220
Results					
Segment results	19,737	1,447	(458)	-	20,726
Unallocated items:					
- Finance costs					(2,014)
Profit before taxation					18,712
Tax expense					(5,782)
Profit after taxation					12,930
Minority interests					(22)
Net profit for the period					12,908

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
1.4.2004 to 31.12.2004					
Revenue					
External sales	106,032	1,045	-	-	107,077
Results					
Segment results	12,422	449	(623)	-	12,248
Unallocated items:					
- Finance costs					(3,527)
Share of profits in associated companies					11,522
Profit before taxation					20,243
Tax expense					(5,901)
Profit after taxation					14,342
Minority interests					(39)
Net profit for the period					14,303

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
31.12.2005					
Segment assets	480,898	20,563	36,919	-	538,380
Investment in associated company					115
Total assets					538,495
Segment liabilities	117,142	839	118,948	-	236,929
Total liabilities					236,929
Capital expenditure					2,111
Depreciation					1,128
Non cash expenses other than depreciation					1,888

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

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 31 December 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 RM30.9 million and pre-tax profit of RM6.8 million. Revenue and pre-tax profit for the nine months ended 31 December 2005 were RM91.2 million and RM18.7 million respectively.

During the quarter under review, the Group completed and handed-over vacant possession of a project, namely Phase 3B double-storey terrace houses in Pusat Bandar Putra Permai (“PBPP”). This has contributed to an increase in revenue and pre-tax profit in the current quarter as compared to the preceding quarter of RM29.8 million and of RM6.3 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 RM315.5 million as at 31 December 2005, mainly generated by the ongoing Pusat Bandar Putra Permai, Equine Square Phase 2 shop-offices and Cheras projects. This figure reflected a take-up rate of 85% of the total gross development value (“GDV”) of RM370.9 million for all ongoing projects. The corresponding unbilled sales as at 31 December 2005 was RM158.4 million.

Based on current performance, the Group’s results will remain satisfactory for the remaining period of the financial year ending 31 March 2006.

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 31.12.2005 RM’000	Preceding Year Corresponding Quarter 31.12.2004 RM’000	Current Year Todate 31.12.2005 RM’000	Preceding Year Todate 31.12.2004 RM’000
Current period taxation	4,011	2,194	9,550	6,883
Share of taxation in associated companies	-	615	-	2,349
	4,011	2,809	9,550	9,232
Deferred taxation	(2,174)	(884)	(3,768)	(3,331)
	<u>1,837</u>	<u>1,925</u>	<u>5,782</u>	<u>5,901</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.

8. BORROWINGS AND DEBT SECURITIES

	As at End of Current Quarter 31.12.2005 RM'000	As at Preceding Year End 31.3.2005 RM'000
Short term borrowings (Secured):		
Hire purchase and lease creditors	573	486
Bank borrowings	21,141	75,252
Commercial Papers	5,000	-
	<u>26,714</u>	<u>75,738</u>
Long term borrowings (Secured):		
Hire purchase and lease creditors	1,318	1,090
Bank borrowings	11,797	5,984
Commercial Papers	65,000	-
Medium Term Notes	25,000	-
	<u>103,115</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

On 9 December 2005, ECB paid its first interim dividend of 2.5 sen per ordinary share less 28% Income Tax amounting to RM2,700,283 in respect of the financial year ending 31 March 2006.

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 <u>31.12.2005</u>	Preceding Year Corresponding Quarter <u>31.12.2004</u>	Current Year Todate <u>31.12.2005</u>	Preceding Year Todate <u>31.12.2004</u>
Net profit for the period (RM'000)	5,001	6,833	12,908	14,303
Weighted average number of ordinary shares in issue ('000)	150,015	150,015	150,015	150,015
Basic earnings per share (sen)	3.33	4.55	8.60	9.53

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>31.12.2005</u>	Preceding Year Corresponding Quarter <u>31.12.2004</u>	Current Year Todate <u>31.12.2005</u>	Preceding Year Todate <u>31.12.2004</u>
Net profit for the period (RM'000)	5,001	6,833	12,908	14,303
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)	2.20	3.01	5.68	6.29

* 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 20 February 2006.

By Order of the Board
Mah Li Chen (MAICSA 7022751)
Lim Siew Ting (MAICSA 7029466)
Company Secretaries
Kuala Lumpur
20 February 2006