

EQUINE CAPITAL BERHAD
PART A – EXPLANATORY NOTES PURSUANT TO FRS134₂₀₀₄

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 FRS134₂₀₀₄: “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 March 2006 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 and the financial year ended 31 March 2006.

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 and the financial year ended 31 March 2006..

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 ended 31 March 2006. Total dividend paid for the financial year ended 31 March 2006 is 2.5 sen per ordinary share.

No final dividend has been recommended in respect of the current financial year ended 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 31.3.2006					
Revenue					
External sales	127,970	2,052	-	-	130,022
Results					
Segment results	27,402	1,297	(568)	-	28,131
Unallocated items:					
- Finance costs					(2,317)
Profit before taxation					25,814
Tax expense					(8,661)
Profit after taxation					17,153
Minority interests					(22)
Net profit for the period					17,131

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 31.3.2005					
Revenue					
External sales	138,880	1,557	-	-	140,437
Results					
Segment results	18,834	573	10,203	-	29,610
Unallocated items:					
- Finance costs					(4,421)
Share of profits in associated companies					15,320
Profit before taxation					40,509
Tax expense					(9,491)
Profit after taxation					31,018
Minority interests					(48)
Net profit for the period					30,970

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
31.3.2006					
Segment assets	496,269	20,105	22,871	-	539,245
Investment in associated company					115
Total assets					<u>539,360</u>
Segment liabilities	114,548	629	117,034	-	232,211
Total liabilities					<u>232,211</u>
Capital expenditure					2,845
Depreciation					1,545
Non cash expenses other other than depreciation					4,378
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 under review and financial year ended 31 March 2006.

11. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Save for a corporate guarantee given in favour of LBS Bina Holdings Sdn Bhd of RM1,045,000 to guarantee payment on behalf of a subsidiary company, Tujuan Ehsan Sdn Bhd ("TESB") in the construction of a sewerage treatment plant for the Group's ongoing Pusat Bandar Putra Permai projects. This corporate guarantee shall terminate immediately upon full settlement of the agreed instalments by TESB.

Save for the above, 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 RM38.8 million and pre-tax profit of RM7.1 million. Revenue and pre-tax profit for the financial year ended 31 March 2006 were RM130.0 million and RM25.8 million respectively.

Revenue and pre-tax profit for the current quarter have remained relatively consistent with the preceding quarter of RM30.9 million and RM6.8 million respectively.

The 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 RM304.4 million as at 31 March 2006, 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 88% of the total gross development value ("GDV") of RM347.4 million for all ongoing projects. The corresponding unbilled sales as at 31 March 2006 were RM102.0 million.

The Group will continue to focus on the launching of attractive projects, with emphasis being placed on quality products at reasonable prices. Based on current performance and the current market condition, the Board of Directors is confident that the Group's results for the next financial year will remain satisfactory.

3. VARIANCES ON PROFIT FORECAST

This explanatory note is not applicable as no profit forecast was issued for the financial year ended 31 March 2006.

4. TAXATION

	Current Year Quarter 31.3.2006 RM'000	Preceding Year Corresponding Quarter 31.3.2005 RM'000	Current Year ToDate 31.3.2006 RM'000	Preceding Year ToDate 31.3.2005 RM'000
Current period taxation	3,617	3,332	11,823	10,215
Under / (Over) provision in prior year	24	(89)	24	(89)
Share of taxation in associated Companies	-	1,395	-	3,744
	<u>3,641</u>	<u>4,638</u>	<u>11,847</u>	<u>13,870</u>
Deferred taxation	(762)	(1,048)	(3,186)	(4,379)
	<u>2,879</u>	<u>3,590</u>	<u>8,661</u>	<u>9,491</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 and the financial year ended 31 March 2006.

6. DEALINGS IN QUOTED SECURITIES

There were no purchases and disposals of quoted securities during the quarter under review and the financial year ended 31 March 2006.

7. CORPORATE PROPOSALS

There were no corporate proposals announced / completed during the quarter under review up to the date of this Quarterly Report.

8. BORROWINGS AND DEBT SECURITIES

	As at End of Current Quarter 31.3.2006 RM'000	As at Preceding Year End 31.3.2005 RM'000
Short term borrowings (Secured):		
Hire purchase and lease creditors	456	486
Bank borrowings	28,421	75,252
Commercial Papers	5,000	-
	<u>33,877</u>	<u>75,738</u>
Long term borrowings (Secured):		
Hire purchase and lease creditors	1,281	1,090
Bank borrowings	310	5,984
Commercial Papers	65,000	-
Medium Term Notes	25,000	-
	<u>91,591</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 ended 31 March 2006. Total dividend paid for the financial year ended 31 March 2006 is 2.5 sen per ordinary share.

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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>31.3.2006</u>	Preceding Year Corresponding Quarter <u>31.3.2005</u>	Current Year Todate <u>31.3.2006</u>	Preceding Year Todate <u>31.3.2005</u>
Net profit for the period (RM'000)	4,223	16,667	17,131	30,970
Weighted average number of ordinary shares in issue ('000)	150,015	150,015	150,015	150,015
Basic earnings per share (sen)	2.82	11.11	11.42	20.64

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>31.3.2006</u>	Preceding Year Corresponding Quarter <u>31.3.2005</u>	Current Year Todate <u>31.3.2006</u>	Preceding Year Todate <u>31.3.2005</u>
Net profit for the period (RM'000)	4,223	16,667	17,131	30,970
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)	1.86	7.33	7.54	13.62

* 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 May 2006.

By Order of the Board
Chin Pei Fung (MAICSA 7029712)
Company Secretary
Selangor Darul Ehsan
24 May 2006