EQUINE CAPITAL BERHAD
PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

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 FRS 134: "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 2011. 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 2011, except for the adoption of the following new and revised Financial Reporting Standards ("FRSs"), Issues Committee ("IC") Interpretations and amendments to FRSs and IC Interpretations with effect from the financial period beginning 1 April 2011:

FRSs, Amendments to FRSs and Interpretations

FRS 1	:	First-time Adoption of Financial Reporting Standards (revised)
Amendment to FRS 1	:	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First time adopters)
Amendment to FRS 1	:	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters)
Amendment to FRS 2	:	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)
Amendment to FRS 2	:	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions)
FRS 3	:	Business Combinations (revised)
Amendment to FRS 5	:	Non-current Assets held for sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary)
Amendment to FRS 7	:	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)
FRS 127	:	Consolidated and Separate Financial Statements (revised)
FRS 128	:	Investment in Associates (revised)
Amendment to FRS 138	:	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)
Amendment to FRS 139	:	Financial Instruments : Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127)
IC Interpretation 4	:	Determining whether an Arrangement contains a Lease
Amendment to IC Interpretation 9	:	Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3)
Amendment to IC Interpretation 9	:	Reassessment of Embedded Derivatives (Amendments relating to scope of 29 IC Interpretation 9 advertised FRS 3)
IC Interpretation 12	:	Service Concession Arrangements

IC Interpretation 16	:	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	:	Distributions of Non-cash Assets to Owners
IC Interpretation 18	:	Transfers of Assets from Customers

The adoption of the above standards and interpretations, and improvement is not expected to have any material financial effect to the Group except for the following:

FRS 3: Business Combinations (revised)

The revised FRS 3:

- allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

- changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;

- requires the recognition of a settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and

- requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 127: Consolidated and Separate Financial Statements (revised)

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiary companies that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiary companies were treated in the same manner as the acquisition of subsidiary companies, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiary companies regardless of whether the disposals would result in the Group losing control over the subsidiary companies, the difference between the consideration received and the carrying amount of the share of net assets disposed off was recognised in profit or loss.

Under FRS 127 (revised), increases or decreases in ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiary companies are dealt with in equity and attributed to the owners of the parents, with no impact on goodwill or profit or loss. When control of a subsidiary company is lost as a result of a transaction, event or other circumstance, FRS 127 (revised) requires that the Group derecognised all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary company is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

2. AUDITORS' REPORT ON REPORTING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements of ECB for the financial year ended 31 March 2011 was not qualified.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance for the quarter ended 31 March 2012 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 issuances, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

7. DIVIDENDS PAID

There were no dividends paid or declared during the quarter under review**.**

8. SEGMENTAL INFORMATION

The Group's operations comprise the following main business segments:

Property development	:	Development of residential and commercial properties, and sale of development land
Construction	:	Construction of property development projects and other similar construction activities
Property letting	:	Rental of properties
Investment holding	:	Investment holding

The Group's primary segment reporting is based on the business segments. The Group operates predominantly in Malaysia and accordingly, no geographical segment is presented.

Segment Revenue and Results

Group	Property development RM'000	Construction RM'000	Property letting RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
Results For 12 Months Ended 31 March 2012						
Revenue						
External sales	277,155	-	-	-	-	277,155
Inter-segment sales	1,113	110,084	-	-	(111,197)	-
	278,268	110,084	-	-	(111,197)	277,155
Results						
Segment results	30,750	(1,476)	8,626	(615)	-	37,285
Unallocated expenses:						
- finance costs						(1,382)
Profit before tax						35,903
Taxation						(3,816)
Profit for the financial year						32,087

Group	Property development RM'000	Construction RM'000	Property letting RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
Results For 12 Months Ended 31 March 2011						
Revenue						
External sales	148,961	-	89	-	-	149,050
Inter-segment sales	1,232	30,324	-	-	(31,556)	-
	150,193	30,324	89	-	(31,556)	149,050
Results						
Segment results	19,397	(1,059)	(2,760)	(691)	-	14,887
Unallocated expenses:						
- finance costs						(5,128)
Profit before tax						9,759
Taxation						(3,386)
Profit for the financial year						6,373

9. CARRYING AMOUNT OF REVALUED ASSETS

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

There has been no change to the valuations of the property, plant and equipment since the audited financial statements for the year ended 31 March 2011.

10. SUBSEQUENT EVENTS

There were no material events subsequent to the reporting period.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter under review other than the following:-

On 8 March 2012, Taman Equine (M) Sdn Bhd, the wholly-owned subsidiary of ECB acquired the entire issued and paid-up share capital of Pedoman Ikhtisas Sdn Bhd, a private limited company in Malaysia, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up, for a cash consideration of RM2.00.

12. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no material contingent assets or contingent liabilities as at 31 March 2012.

13. CAPITAL COMMITMENTS

The Board of Directors has approved a proposed capital expenditure in respect of acquisition of land in Batu Kawan, Seberang Perai Selatan, Penang at a cost of RM19.3 million.

Save for the above, there were no material capital commitments as at the 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

The Group achieved a revenue of RM47.0 million and a pre-tax profit of RM1.2 million for the quarter under review against the preceding quarter's revenue of RM75.3 million and pre-tax profit of RM7.0 million.

Revenue for the current quarter was derived mainly from the property development segment. On-going projects that contributed revenue to the Group in the current quarter were Villa Avenue, Equine Boulevard and EQuator in Seri Kembangan, and Callisia in Batu Kawan. The lower revenue for the current quarter compared to the preceding quarter was attributable to substantial revenue being recognized in the preceding quarter for projects in Seri Kembangan that were moving towards completion stages, namely Villa Avenue and Equine Boulevard, as well as the shorter operational period in the current quarter attributable to the festive season of Chinese New Year in end January 2012. Nevertheless, progressing stages of new projects, particularly Equator, contributed higher revenue during the current quarter compared to the preceding quarter.

The performance for construction segment of the Group progressed satisfactory along with the performance of property development segment. Of all the projects, the new project in Seri Kembangan, namely EQuator contributed substantially to the revenue of the Group's construction segment during the current quarter.

The Group registered a pre-tax profit of RM1.2 million for the quarter under review compared to a pre-tax profit of RM7.0 million in the preceding quarter. The lower pre-tax profit was mainly attributable to the higher profit recognised in the preceding quarter for higher stages of construction progress achieved in projects in Seri Kembangan heading towards completion stages.

2. COMMENTARY ON PROSPECTS

The Malaysian economy is expected to continue its economic growth in the years ahead with market expectations of the GDP growth rate around 4.0% for 2012 despite uncertainties in the global economy affected by the eurozone crisis. With the aim of driving towards a high-income economy, the execution of the Malaysian Government's Economic Transformation Programme, is expected to stimulate the economy and enhance domestic sources of growth.

Given the cautiously optimistic economic outlook, the Group would continue to strive and re-establish itself as an active developer in the property market. Consistent with the Group's plans to increase its business activity level to generate more revenue in its property development segment, the Group has planned several new launches in Seri Kembangan and Batu Kawan in the new financial year, FY2013. Amongst the projects that have been launched since the beginning of the financial year, FY2012 or to be launched soon are:

a. Project da:men in USJ, Subang, Selangor, a mixed commercial and residential development involving 480 units service apartments in two 16-storey blocks, 385 units of 5-6 storey commercial shop offices, a 6-storey retail mall and 2 basement car parks with an estimated total GDV of RM1.0 billion – launched in June 2011;
b. Project EQuator in Seri Kembangan consisting of 138 units of shop offices together with a multi-storey car park housing several small shops with an estimated GDV of RM213 million – launched in April 2011;

c. Project Villa Heights consisting of 182 units of semi-detached and bungalow houses in Seri Kembangan with estimated GDV of RM341 million – launched in March 2012;
d. 277 units of condominiums in Seri Kembangan with estimated GDV of RM119 million;
e. 590 units of service apartments/retail shops in Seri Kembangan with estimated GDV of RM130 million;
f. 269 units of 2 ½ storey terrace houses in Batu Kawan with estimated GDV of RM113 million; and
g. 66 units of 2 storey double frontage in Batu Kawan with estimated GDV of RM55 million.

3. VARIANCES ON PROFIT FORECAST

Not applicable as no profit forecast was issued for the financial year ended 31 March 2012.

4. TAXATION

	Current Year's Quarter 31.03.2012	**Preceding Year's Corresponding Quarter 31.03.2011**	**Current Year To Date 31.03.2012**	**Preceding Year To Date 31.03.2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current period taxation	(8,129)	(9,114)	(18,214)	(11,670)
Deferred taxation	14,257	8,172	14,398	8,284
	6,128	(942)	(3,816)	(3,386)

The effective tax rate for the current quarter's and cumulative results is not reflective of the statutory tax rate due mainly to the following reasons:

i) restriction in the group relief available in respect of losses incurred by certain subsidiary companies;
ii) expenses which were not deductible for tax purposes;
iii) de-recognition of tax recoverable in the current quarter; and
iv) recognition of deferred tax assets in the current quarter.

5. CORPORATE PROPOSALS

There were no corporate proposals announced during the quarter under review up to the date of this report.

6. BORROWINGS AND DEBT SECURITIES

	As at 31.03.2012 RM'000	As at 31.03.2011 RM'000
Short term borrowings:		
Bank borrowings – secured	27,860	22,339
Bank overdrafts – secured	5,297	7,443
Bank overdrafts – unsecured	3,257	-
Hire-purchase creditors	327	295
	36,741	30,077
Long term borrowings:		
Bank borrowings – secured	12,013	75,572
Hire-purchase creditors	1,123	1,353
	13,136	76,925

7. CHANGES IN MATERIAL LITIGATION

The Company and its subsidiary companies are not engaged, either as plaintiff or defendant, in any litigation which has a material effect since the date of the last annual statement of financial position to the date of this report. The Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceeding which might materially and/or adversely affect the position or business of the Group.

8. DIVIDEND

No dividend has been proposed or declared for the current quarter.

9. 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 financial period.

	Current Year's Quarter 31.03.2012	Preceding Year's Corresponding Quarter 31.03.2011	Current Year To Date 31.03.2012	Preceding Year To Date 31.03.2011
Profit attributable to equity holders of the Company (RM'000)	7,377	2,256	32,087	6,373
Weighted average number of ordinary shares in issue ('000)	227,338	227,338	227,338	227,338
Basic earnings per share (sen)	3.24	0.99	14.11	2.80

b) Diluted

The Group does not have any convertible instrument as at the date of this report and accordingly diluted earnings per share is not applicable.

10. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

	As at 31.03.2012 RM'000	As at 31.03.2011 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
– Realised	2,894	(65,612)
– Unrealised	18,583	14,873
	21,477	(50,739)
Less: Consolidation adjustments	(26,879)	(4,558)
Total Group accumulated losses as per consolidated accounts	(5,402)	(55,297)

11. AUTHORISATION FOR ISSUE

These interim financial statements have been authorised by the Board of Directors for issuance in accordance with a resolution of the Directors duly passed at the Board of Directors' Meeting held on 24 May 2012.

By Order of the Board
Chin Pei Fung (MAICSA 7029712)
Company Secretary
Selangor Darul Ehsan
24 May 2012