

GLOBAL ORIENTAL BERHAD (formerly known as Equine Capital Berhad)
PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. BASIS OF PREPARATION

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (herein called “Transitioning Entities”). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Subsequently, on 30 June 2012, MASB extended the aforementioned transitional period for another one year. Thus, Transitioning Entities are given an additional option to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2013. Consequently, the MFRS Framework will be mandatory for application for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using MFRS Framework in its first MFRS financial statements for the year ending 31 March 2015.

The interim financial statements of Global Oriental Berhad (“GOB”) 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 2012. 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 2012, 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 2012:

FRSs, Amendments to FRSs and Interpretations

Amendments to FRS 7	:	Financial Instruments: Disclosures (Amendments relating to Disclosures – Transfers of Financial Assets)
Amendments to FRS 7	:	Financial Instruments: Disclosures (Amendments relating to Mandatory Effective Date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures)
Amendments to FRS 112	:	Income Taxes (Amendments relating to Deferred Tax – Recovery of Underlying Assets)
FRS 124	:	Related Party Disclosures (Revised)
Amendments to IC Interpretation 14	:	FRS 119 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement)
IC Interpretation 19	:	Extinguishing Financial Liabilities with Equity Instruments

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

2. AUDITORS' REPORT ON REPORTING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements of GOB for the financial year ended 31 March 2012 was not qualified.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance for the quarter ended 31 December 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

Group	Property	<u>Construction</u>	Property	Investment	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
	<u>development</u>		<u>letting</u>	<u>holding</u>			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results For 9 Months Ended							
31 December 2012							
Revenue							
External sales	193,727	-	-	-	1,086	-	194,813
Inter-segment sales	479	59,117	-	-	-	(59,596)	-
	<u>194,206</u>	<u>59,117</u>	<u>-</u>	<u>-</u>	<u>1,086</u>	<u>(59,596)</u>	<u>194,813</u>
Results							
Segment results	30,939	(1,328)	(8)	(574)	(2,740)	-	26,289
Unallocated expenses:							
- finance costs							(1,058)
Profit before tax							<u>25,231</u>
Taxation							<u>(7,684)</u>
Profit for the financial period							<u>17,547</u>

Group	Property	<u>Construction</u>	Property	Investment	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
	<u>development</u>		<u>letting</u>	<u>holding</u>			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results For 9 Months Ended							
31 December 2011							
Revenue							
External sales	230,095	-	-	-	-	-	230,095
Inter-segment sales	2,696	85,156	-	-	-	(87,852)	-
	<u>232,791</u>	<u>85,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,852)</u>	<u>230,095</u>
Results							
Segment results	27,714	(913)	9,474	(488)	-	-	35,787
Unallocated expenses:							
- finance costs							(1,133)
Profit before tax							<u>34,654</u>
Taxation							<u>(9,944)</u>
Profit for the financial period							<u>24,710</u>

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 2012.

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, except as follows:

- i) On 16 October 2012, the Group acquired the entire share equity of the following companies for a cash consideration of RM2.00 each:
 - a) Versatile Flagship Sdn Bhd, a private limited company incorporated in Malaysia under the Companies Act, 1965, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully paid-up;
 - b) Bright Express Sdn Bhd, a private limited company incorporated in Malaysia under the Companies Act, 1965, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully paid-up;
 - c) Prima Pengkalan Sdn Bhd, a private limited company incorporated in Malaysia under the Companies Act, 1965, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully paid-up; and
 - d) Modern Treasures Sdn Bhd, a private limited company incorporated in Malaysia under the Companies Act, 1965, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully paid-up.
- ii) On 17 October 2012, the Group acquired the entire share equity of the following companies for a cash consideration of RM2.00 each:
 - a) Champion Vista Sdn Bhd, a private limited company incorporated in Malaysia under the Companies Act, 1965, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully paid-up;
 - b) Fame Action Sdn Bhd, a private limited company incorporated in Malaysia under the Companies Act, 1965, with an authorised share capital of RM100,000.00 comprising

100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully paid-up;

c) Vista Versatile Sdn Bhd, a private limited company incorporated in Malaysia under the Companies Act, 1965, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully paid-up; and

d) Dekad Sinaran Sdn Bhd, a private limited company incorporated in Malaysia under the Companies Act, 1965, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully paid-up.

12. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no material contingent assets or contingent liabilities as at 31 December 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's revenue decreased by 11% to RM67.0 million for the current quarter as compared to RM75.3 million reported in the previous corresponding quarter while pre-tax profit increased by 109% to RM14.6 million for the current quarter as compared to RM7.0 million reported in the previous corresponding quarter. Revenue declined compared to the previous corresponding quarter was attributable to the completion of Villa Avenue and Mega Square. The Group's pre-tax profit on the other hand rose by RM7.6 million mainly due to higher contribution from on-going projects such as Callisia in Batu Kawan, da:men in USJ Subang Jaya and Villa Heights in Seri Kembangan.

The Group recorded a revenue of RM67.0 million and a pre-tax profit of RM14.6 million for the quarter under review against the preceding quarter's revenue of RM67.7 million and pre-tax profit of RM7.5 million. The Group's revenue declined marginally as compared to the preceding quarter due to lower revenue recognition from property development segment. Revenue from property development segment was contributed mainly from Villa Heights and Equator in Seri Kembangan, da:men in USJ Subang Jaya and Callisia in Batu Kawan.

The Group's higher pre-tax profit of RM14.6 million for the quarter under review compared to a pre-tax profit of RM7.5 million in the preceding quarter was mainly due to higher contribution from higher margin projects from property development segment. The Group charged out pre-operating expenses amounting to RM1.0 million for new business ventures into the profit and loss accounts during the current quarter under review.

2. COMMENTARY ON PROSPECTS

The Group's performance will continue to be supported by progressive recognition of sales from on-going development projects in Seri Kembangan, USJ Subang Jaya and Batu Kawan. In addition, good take up rate from newly launched project, Springville in Seri Kembangan, is expected to contribute positively to the Group's earnings.

Despite decrease in property market activities in the last quarter of 2012, the Group is confident to maintain its performance given that our land banks are mainly located at strategic development area and established townships. Barring unforeseen circumstances, the Group expects to achieve satisfactory financial performance in the remaining financial year ending 31 March 2013.

3. PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee for the financial year under review.

4. TAXATION

	Current Year's Quarter 31.12.2012 RM'000	Preceding Year's Corresponding Quarter 31.12.2011 RM'000	Current Year To Date 31.12.2012 RM'000	Preceding Year To Date 31.12.2011 RM'000
Current period taxation	(4,546)	(5,669)	(8,299)	(10,085)
Deferred taxation	308	1,182	615	141
	<u>(4,238)</u>	<u>(4,487)</u>	<u>(7,684)</u>	<u>(9,944)</u>

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; and
- ii) expenses which were not deductible for tax purposes.

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 31.12.2012 RM'000	As at 31.03.2012 RM'000
Short term borrowings:		
Bank borrowings	24,797	27,860
Bank overdrafts	908	5,004
Hire-purchase creditors	367	331
	<u>26,072</u>	<u>33,195</u>
Long term borrowings:		
Bank borrowings	46,971	12,638
Hire-purchase creditors	1,386	1,119
	<u>48,357</u>	<u>13,757</u>

All borrowings are denominated in Ringgit Malaysia and are fully secured.

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 31.12.2012	Preceding Year's Corresponding Quarter 31.12.2011	Current Year To Date 31.12.2012	Preceding Year To Date 31.12.2011
Profit attributable to equity holders of the Company (RM'000)	10,405	2,495	17,547	24,710
Weighted average number of ordinary shares in issue ('000)	227,338	227,338	227,338	227,338
Basic earnings per share (sen)	4.58	1.10	7.72	10.87

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. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Current Year's Quarter 31.12.2012 RM'000	Preceding Year's Corresponding Quarter 31.12.2011 RM'000	Current Year To Date 31.12.2012 RM'000	Preceding Year To Date 31.12.2011 RM'000
After Charging:				
Interest expense	295	52	1,058	1,133
Depreciation and amortization	421	259	857	815
After Crediting				
Interest income	385	525	1,035	653

There were no provision for write off of receivables, provision for write off of inventories, gain or loss on disposal of quoted or unquoted investment or properties, impairment of assets, foreign exchange gain, gain or loss on derivatives and exceptional items for the current quarter under review and financial period ended 31 December 2012.

11. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

	As at 31.12.2012 RM'000	As at 31.03.2012 RM'000
Total retained profits of the Company and its subsidiaries		
– Realised	27,562	3,064
– Unrealised	17,293	18,410
	<hr/> 44,855	<hr/> 21,474
Less: Consolidation adjustments	(32,667)	(26,833)
Total Group retained earnings/(accumulated losses) as per consolidated accounts	<hr/> 12,188	<hr/> (5,359)

12. 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 28 February 2013.

By Order of the Board
Chin Pei Fung (MAICSA 7029712)
Company Secretary
Selangor Darul Ehsan
28 February 2013