

**UOA REAL ESTATE INVESTMENT TRUST**

**CONDENSED BALANCE SHEET  
AS AT 30 JUNE 2008 (UNAUDITED)**

	<b>AS AT END OF CURRENT QUARTER 30.06.2008 RM</b>	<b>AS AT PRECEEDING FINANCIAL YEAR END 31.12.2007 RM</b>
<b>INVESTMENTS</b>		
Real estate properties	479,493,325	425,346,423
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	36,546	39,586
<b>OTHER ASSETS</b>		
Trade receivables	1,263,227	835,156
Other receivables	918,301	2,636,472
Current tax asset	118,313	118,313
Deposits with licensed financial institutions	-	2,550,000
Cash and bank balances	697,358	326,030
	<u>2,997,199</u>	<u>6,465,971</u>
<b>TOTAL ASSETS</b>	482,527,070	431,851,980
<b>LIABILITIES</b>		
Other payables	1,304,148	4,395,287
Rental deposits	12,368,958	11,104,012
Amount due to Manager	163,047	162,419
Borrowings	116,100,000	64,300,000
Provision for income distribution	11,018,502	10,886,403
<b>TOTAL LIABILITIES</b>	<u>140,954,655</u>	<u>90,848,121</u>
<b>NET ASSET VALUE</b>	<u>341,572,415</u>	<u>341,003,859</u>
<b>FINANCED BY:</b>		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	246,791,875	246,791,875
Undistributed income	94,780,540	94,211,984
	<u>341,572,415</u>	<u>341,003,859</u>
<b>NET ASSET VALUE PER UNIT</b>	1.389	1.386
<b>NUMBER OF UNITS IN CIRCULATION</b>	245,948,700	245,948,700

The condensed balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**UOA REAL ESTATE INVESTMENT TRUST**  
**CONDENSED INCOME STATEMENT**  
**FOR THE QUARTER ENDED 30 JUNE 2008 (UNAUDITED)**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30.06.2008 RM</b>	<b>Preceding Year Corresponding Quarter 30.06.2007 RM</b>	<b>Current Year To Date 30.06.2008 RM</b>	<b>Preceding Year To Date 30.06.2007 RM</b>
<b>TOTAL INCOME</b>				
Gross rental	10,839,306	8,316,923	20,204,976	16,917,675
Property operating expenses	(2,361,501)	(2,010,020)	(4,787,217)	(3,943,219)
<b>Net rental income</b>	<b>8,477,805</b>	<b>6,306,903</b>	<b>15,417,759</b>	<b>12,974,456</b>
Interest income	31,374	7,296	36,789	19,208
Other income	63,796	30,396	93,870	56,644
	<b>8,572,975</b>	<b>6,344,595</b>	<b>15,548,418</b>	<b>13,050,308</b>
<b>TOTAL EXPENDITURE</b>				
Manager's fees	(481,011)	(370,000)	(961,376)	(730,000)
Trustee's fee	(38,653)	(32,094)	(77,441)	(61,598)
Borrowing costs	(1,429,382)	(732,486)	(2,184,005)	(1,484,522)
Auditors' remuneration	(8,750)	(5,000)	(17,500)	(10,000)
Tax agent's fee	(1,000)	(3,000)	(4,000)	(6,000)
Administrative expenses	(563,758)	(161,586)	(707,914)	(229,726)
	<b>(2,522,554)</b>	<b>(1,304,166)</b>	<b>(3,952,236)</b>	<b>(2,521,846)</b>
Net appreciation on fair values of Investment Properties	-	68,400,000	-	68,400,000
<b>INCOME BEFORE TAXATION</b>	<b>6,050,421</b>	<b>73,440,429</b>	<b>11,596,182</b>	<b>78,928,462</b>
<b>TAXATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INCOME AFTER TAXATION</b>	<b>6,050,421</b>	<b>73,440,429</b>	<b>11,596,182</b>	<b>78,928,462</b>
<b>INCOME DISTRIBUTION</b>				
- Distributed Income	-	-	-	-
- Provision for Distribution	(5,750,029)	(4,817,641)	(11,018,502)	(10,059,302)
- Underprovision of final distribution in prior year	(9,124)	-	(9,124)	-
	<b>291,268</b>	<b>68,622,788</b>	<b>568,556</b>	<b>68,869,160</b>
<b>INCOME BEFORE TAXATION IS ANALYSED AS FOLLOWS</b>				
- Realised	6,050,421	5,040,429	11,596,182	10,528,462
- Unrealised	-	68,400,000	-	68,400,000
<b>EARNINGS PER UNIT</b>				
- after managers' fees (sen)	2.46	29.86	4.71	32.09
- before managers' fees (sen)	2.66	30.01	5.11	32.39

The condensed income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**UOA REAL ESTATE INVESTMENT TRUST**

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE  
FOR THE QUARTER ENDED 30 JUNE 2008 (UNAUDITED)**

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Undistributed Income Realised RM	Undistributed Income Unrealised RM	Current Year To Date 30.06.2008 RM	Preceding Year To Date 30.06.2007 RM
Balance as at 1 January	246,791,875	1,411,984	92,800,000	341,003,859	261,962,688
<b>Movements during the period</b>					
Realisation upon disposal of UOA Bangsar	-	11,000,000	(11,000,000)	-	-
Net income for the period	-	11,596,182	-	11,596,182	78,928,462
Distribution to unitholder	-	(11,027,626)	-	(11,027,626)	(10,059,302)
Balance carried forward as at 30 June	<u>246,791,875</u>	<u>12,980,540</u>	<u>81,800,000</u>	<u>341,572,415</u>	<u>330,831,848</u>

The condensed statement of changes in net asset value should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**UOA REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 30 JUNE 2008 (UNAUDITED)**

	<b>Current Year To Date 30.06.2008 RM</b>	<b>Preceding Year To Date 30.06.2007 RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,596,182	78,928,462
Adjustment for:		
Interest income	(36,789)	(19,208)
Interest expense	2,184,005	1,484,522
Depreciation	2,073	134
Fixed assets written off	3,117	-
Allowance for Doubtful Debts	76,029	137,533
Net appreciation on fair value of investment properties	-	(68,400,000)
Operating profit before changes in working capital	<u>13,824,617</u>	<u>12,131,443</u>
Increase in receivables	(505,929)	(803,954)
Increase in payables	1,455,150	785,825
Cash generated from operations	<u>14,773,838</u>	<u>12,113,314</u>
Tax paid	-	(45,000)
Net cash generated from operating activities	<u>14,773,838</u>	<u>12,068,314</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest income	36,789	19,208
Purchase of property, plant & equipment	(2,150)	(2,690)
Purchase of investment properties and subsequent expenditure	(84,426,902)	-
Proceeds from disposal of an investment property	28,800,000	-
Net cash (used in)/generated from investing activities	<u>(55,592,263)</u>	<u>16,518</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(2,264,720)	(1,510,889)
Distribution to Unitholders	(10,895,527)	(10,488,000)
Net Drawdown/(repayment) of borrowings	<u>51,800,000</u>	<u>(800,000)</u>
Net cash generated from/(used in) financing activities	<u>38,639,753</u>	<u>(12,798,889)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,178,672)</b>	<b>(714,057)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,876,030</b>	<b>1,957,019</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>697,358</u></b>	<b><u>1,242,962</u></b>
Cash and cash equivalents at end of period comprise:		
Deposits with licensed financial institutions	-	800,000
Cash and bank balances	697,358	442,962
	<u>697,358</u>	<u>1,242,962</u>

The condensed cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

## **UOA REAL ESTATE INVESTMENT TRUST**

### **EXPLANATORY NOTES TO THE QUARTERLY REPORT FOR THE QUARTER ENDED 30 JUNE 2008 (UNAUDITED)**

#### **A EXPLANATORY NOTES PURSUANT TO FRS 134**

##### **A1 BASIS OF PREPARATION**

The quarterly financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. 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 Trust since the year ended 31 December 2007.

##### **A2 CHANGES IN ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007.

Nevertheless, the FRS that will be effective in the annual financial statements for the year ended 31 December 2007 may be affected by the issue of additional interpretation(s) or other changes announced by the MASB subsequent to the date of issuance of this quarterly report. Therefore the policies that will be applied in the UOA-REIT's financial statements for the year cannot be determined with certainty at the date of issuance of this quarterly financial report.

##### **A3 QUALIFIED AUDIT REPORT**

The auditors' report on the financial statements for the year ended 31 December 2007 was not qualified.

##### **A4 COMMENTS ON SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business operations of the Trust are not affected by material seasonal or cyclical factors.

##### **A5 UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, unitholders' funds, net income or cash flows for the quarter under review.

##### **A6 CHANGES IN ESTIMATES**

There were no changes in estimates that have had a material effect in the current quarter results.

**A7 DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and period-to-date.

**A8 INCOME DISTRIBUTION**

The Trust had on 29 February 2008 paid a final income distribution for the year ended 31 December 2007 amounting to RM10,895,527.

For the quarter under review, the Trust is declaring a 95% distribution of the income before taxation for the first half year ended 30 June 2008 amounting to RM11,018,502 or 4.48 sen per unit to be distributed by the end of August 2008 as described under Section B12, Income Distribution.

**A9 SEGMENTAL REPORTING**

Not applicable.

**A10 VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The value of the investment properties brought forward from the financial statements for the year ended 31 December 2007 have not been revalued for the current quarter under review.

**A11 MATERIAL EVENTS**

There was no material event as at the latest practicable date from the date of this report.

**A12 EFFECT OF CHANGES IN THE COMPOSITION OF THE TRUST**

There were no changes in the composition of the Trust for the current quarter. The fund size stands at 245,948,700.

**A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets to be disclosed.

## **B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

### **B1 REVIEW OF PERFORMANCE**

For the quarter ended 30 June 2008, the Trust registered a total income of RM10,934,476 inclusive of interest income and other income of RM31,374 and RM63,796 respectively. Total expenditure for the quarter under review amounted to RM4,884,055 with RM2,361,501 attributable to property operating expenses and RM2,522,554 attributable to non-property operating expenses. Income before taxation available for distribution for the quarter under review was RM6,050,421. Taking into consideration a 95% distribution, the Trust has set aside RM5,750,029 as provision for income distribution.

Against the six (6) months corresponding period last year, gross rental has improved by approximately 19.4% or RM3,287,301, attributed mainly to the improvements in rental rates as well as contribution from the newly acquired property (RM1,915,348). Meanwhile, operating expenses have increased by approximately 35.2%, arising mainly from the maintenance costs of the new property (RM313,717), professional and legal fees incurred in respect of the acquisition of UOA Pantai and the disposal of UOA Bangsar (RM605,446), legal fees and stamp duty in respect of obtaining additional bank borrowings (RM316,948), increased manager's fee (RM231,376) and increased borrowing costs (RM699,483) due to additional bank borrowings obtained during the year. The net improvement in realised income before taxation amounted to RM1,067,720 or approximately 10.1% while realised earnings per unit has improved by approximately 10.0% from RM4.28 to RM4.71.

### **B2 MATERIAL CHANGES IN INCOME BEFORE TAXATION FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER**

There were no material changes in the income before taxation for the quarter under review.

### **B3 PROSPECTS**

The Manager expects the properties to continue enjoying good occupancy and improvement in rental rates for the remaining part of the year (buoyed by a positive outlook in the commercial real estate sector in Malaysia).

The Manager will continue to adopt an active operating and capital management strategy to enhance the yields and returns to the existing Property Parcels. The Manager will further seek opportunities to acquire real estate that meet the objectives of the Trust.

### **B4 VARIANCES**

This is not applicable as there was no profit forecast or profit guarantee issued for this financial quarter.

## B5 TAXATION

A reconciliation of income tax expense applicable to income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Trust is as follows:

	Current Quarter		Year To Date	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM	RM	RM	RM
Income before taxation	6,050,421	5,040,429	11,596,182	10,528,462
Taxation at Malaysian statutory tax rate of 26%*	1,573,109	1,360,916	3,015,007	2,842,685
Effect of income not subject to tax	(1,163,687)	(1,561,892)	(2,405,885)	(2,716,243)
Expenses not deductible for tax purposes	142,754	(8,228)	270,640	1,953
Utilisation of capital allowances	(491,466)	258,223	(754,128)	(25,270)
Tax Exemption **	(60,710)	(49,019)	(125,634)	(103,125)
Tax expense for the period	-	-	-	-

\* For the year of 2008, the corporate tax rate has been revised from 27% to 26%.

\*\* In year 2008, Real Estate Investment Trusts (REITs) are exempted from taxes on all income provided that at least 90% of their total income is distributed to the investors. UOA REIT is expected to enjoy the tax exemption given its distribution policies of at least 95% of its total income. Therefore, no tax expense is recognised for the quarter under review.

## B6 PROFIT ON SALE OF INVESTMENT IN UNQUOTED SECURITIES/PROPERTIES

There was no disposal of investment in unquoted securities during the current quarter and financial period-to-date.

## B7 PARTICULARS OF PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES

There was no purchase or disposal of investment in quoted securities during the current quarter and financial period-to-date.



## **B8 STATUS OF CORPORATE PROPOSAL**

- a) The Trustee had on 16 January 2008 entered into a Sale and Purchase Agreement for the acquisition of an investment property, Wisma UOA Pantai, from Magna Tiara Development Sdn Bhd for a cash consideration of RM86,000,000. The acquisition was completed on 2 April 2008.
- b) UOA Asset Management Sdn Bhd, the manager of the UOA-REIT, had on 7 November 2007 received and accepted an offer from Makmal Capital Sdn Bhd to purchase from UOA-REIT an office building, namely Wisma UOA Bangsar, for a total cash consideration of RM32,000,000. Wisma UOA Bangsar is an office building consisting of 43,743 sq. ft. net lettable area and 33 car park bays. The Sale & Purchase Agreement was executed on 29 November 2007 and the disposal was completed on 15 May 2008.

## **B9 BORROWINGS AND DEBT SECURITIES**

	Current Quarter 30.06.2008 RM	Year Ended 31.12.2007 RM
Revolving credit - Secured	<u>116,100,000</u>	<u>64,300,000</u>

## **B10 OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

The Trust has no financial instrument with off balance sheet risks as at the latest practicable date from the date of the issuance of this report that might materially affect the position or business of the Trust.

## **B11 MATERIAL LITIGATION**

There was no pending material litigation as at the latest practicable date from the date of issuance of this report.

## B12 INCOME DISTRIBUTION

A provision was made to distribute RM5,750,029 as income distribution for the Second Quarter ended 30 June 2008. This translates into approximately 2.34 sen per unit for the quarter under review and includes a non-taxable portion of approximately 0.38 sen per unit (representing 16.29% of the gross distribution) deriving mainly from utilisation of capital allowances.

The total declared income distribution for the six (6) month period ended 30 June 2008 amounted to RM11,018,502, equivalent to 4.48 sen per unit and includes a non-taxable portion of approximately 0.73 sen (representing 16.29% of gross distribution). The income distribution for the six (6) month period ended 30 June 2008 is 9.54% higher than corresponding period last year (4.09 sen per unit)

Pursuant to the amended Part X, Schedule 1 of the Income Tax Act, 1967 under the Finance Act 2006 which was gazetted on 31 December 2006, the following withholding tax rates would be applicable on distribution of income which is tax exempt at Trust's level:

- a) Non-corporate investors and local institutional investors are subject to a final withholding tax at the rate of 15% from year 2007 to 2011.
- b) Foreign institutional investors are subject to a final withholding tax at the rate of 20% from year 2007 to 2011.
- c) Foreign corporate investors are subject to a final withholding tax at the rate of 26%.
- d) Local corporate investors are subject to the existing tax treatment and tax rates (the corporate tax rate is 26% for year 2008).

## B13 DISTRIBUTION PER UNIT - PROVISIONAL

	Current Quarter Ended 30.06.2008 RM	Year To Date ended 30.06.2008 RM	Year To Date ended 30.06.2007 RM
Provision for income distribution	5,750,029	11,018,502	10,059,302
Number of units issued	245,948,700	245,948,700	245,948,700
Basic earnings per unit (sen)	2.46	4.71	4.28
Distribution per unit (DPU) (sen)	2.34	4.48	4.09
Diluted earnings per unit (sen)	N/A	N/A	N/A

## B14 PUBLIC SHAREHOLDING SPREAD

As at 30 June 2008, the Trust is not in compliance with paragraph 8.15 (1) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which requires at least 25% of the total units of UOA REIT to be held by a minimum of 1,000 public unitholders holding not less than 100 units each ("Public Shareholding Spread"). The non-compliance is mainly attributed to the reduction in the number of retail investors.

The Public Shareholding Spread based on the latest Record of Depositors of UOA-REIT as at 30 June 2008 stood at 29.56% with 966 public unitholders holding not less than 100 units each.

The Trust is formulating and evaluating plans to rectify the Public Shareholding Spread via more investor relation activities particularly to retail investors. The Trust has not formulated a timeline in respect of the rectification plan at the date of this report. A six (6) month extension of time for compliance has been granted by Bursa Securities to expire on 12 December 2008.

## B15 EARNINGS PER UNIT

### (a) Basic

Basic earnings per unit amounts are calculated by dividing income for the period attributable to unitholders by the weighted average number of units in issue during the period.

	Current Quarter		Year To Date	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM	RM	RM	RM
Income after taxation	6,050,421	73,440,429	11,596,182	78,928,462
Weighted average number of units in issue	245,948,700	245,948,700	245,948,700	245,948,700
Basic earnings per unit (after manager's fee and before adjustments in fair value) (sen)	<u>2.46</u>	<u>2.05</u>	<u>4.71</u>	<u>4.28</u>
Basic earnings per unit (after manager's fee and after adjustments in fair value) (sen)	<u>2.46</u>	<u>29.86</u>	<u>4.71</u>	<u>32.09</u>

BY ORDER OF THE BOARD

YAP KAI WENG  
Company Secretary  
UOA ASSET MANAGEMENT SDN BHD  
(As the Manager of UOA REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur  
15 JULY 2008