

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Second Quarter Ended 30 June 2012**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
	30-06-2012	30-06-2011	30-06-2012	30-06-2011
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Gross rental income</b>	25,017,132	19,819,367	50,029,077	39,950,585
Property expenses	(1,094,569)	(1,159,562)	(2,614,141)	(2,702,540)
<b>Net rental income</b>	<b>23,922,563</b>	<b>18,659,805</b>	<b>47,414,936</b>	<b>37,248,045</b>
Investment income	190,521	142,272	336,100	268,537
<b>Total income</b>	<b>24,113,084</b>	<b>18,802,077</b>	<b>47,751,036</b>	<b>37,516,582</b>
Managers' fees	(389,781)	(296,468)	(769,585)	(585,179)
Trustees' fees	(55,424)	(46,246)	(110,109)	(93,106)
Accretion of long term borrowings	(435,566)	(228,598)	(812,789)	(457,197)
Annual financing fees	(254,478)	(206,368)	(508,957)	(412,735)
Maintenance of properties	-	(63,600)	(51,450)	(101,600)
Administrative expenses	(202,004)	(271,135)	(467,571)	(597,255)
Professional fees	(72,790)	(30,000)	(78,090)	(157,200)
Withholding tax	(239,818)	-	(909,138)	-
Profit sharing expenses on financing	(8,736,313)	(6,536,078)	(17,400,681)	(12,747,050)
<b>Total trust expenditure</b>	<b>(10,386,174)</b>	<b>(7,678,493)</b>	<b>(21,108,370)</b>	<b>(15,151,322)</b>
<b>Profit before taxation</b>	<b>13,726,910</b>	<b>11,123,584</b>	<b>26,642,666</b>	<b>22,365,260</b>
Tax expense	(269,779)	(95,625)	(705,270)	(191,250)
<b>Profit after taxation</b>	<b>13,457,131</b>	<b>11,027,959</b>	<b>25,937,396</b>	<b>22,174,010</b>
<b>Other comprehensive expense</b>				
Foreign currency translation differences for foreign operation	401,753	-	483,280	-
<b>Total comprehensive income for the period</b>	<b>13,858,884</b>	<b>11,027,959</b>	<b>26,420,676</b>	<b>22,174,010</b>
Profit after taxation is made up as follows:				
Realised	13,457,131	11,027,959	25,937,396	22,174,010
Unrealised	-	-	-	-
	<b>13,457,131</b>	<b>11,027,959</b>	<b>25,937,396</b>	<b>22,174,010</b>
<b>Earnings per unit (sen) - Net</b>	<b>1.93</b>	<b>1.90</b>	<b>4.05</b>	<b>3.82</b>
<b>Provision for income distribution</b>	<b>20,850,486</b>	<b>-</b>	<b>20,850,486</b>	<b>19,145,511</b>
<b>Distribution per unit (sen)</b>	<b>3.26</b>	<b>-</b>	<b>3.26</b>	<b>3.30</b>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

# AL-'AQAR HEALTHCARE REIT

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2012

	Note	As At End Of Current Quarter 30-06-2012	Audited 31-12-2011
		<u>RM</u>	<u>RM</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	A9	1,453,258,147	1,356,758,147
<b>Current Assets</b>			
Trade receivables		2,973,314	2,731,325
Other receivables & prepayments		9,216,798	8,797,105
Cash and bank balances		40,391,307	30,320,284
Fixed deposits with licensed banks		24,775,093	22,661,789
		<u>77,356,512</u>	<u>64,510,503</u>
<b>TOTAL ASSETS</b>		<u>1,530,614,659</u>	<u>1,421,268,650</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings	B9	707,470,262	673,013,338
<b>Current Liabilities</b>			
Other payables and accruals		26,404,293	17,562,375
Income distribution payable		20,850,487	-
Borrowing		11,917,888	11,682,472
Taxation		184,987	184,539
		<u>59,357,655</u>	<u>29,429,386</u>
<b>TOTAL LIABILITIES</b>		<u>766,827,917</u>	<u>702,442,724</u>
<b>NET ASSETS VALUE</b>		<u>763,786,742</u>	<u>718,825,926</u>
<b>REPRESENTED BY:</b>			
Unitholders' capital		682,682,499	627,174,319
Undistributed income		84,745,747	95,776,391
Foreign exchange translation reserve		(3,641,504)	(4,124,784)
<b>TOTAL UNITHOLDERS' FUND</b>		<u>763,786,742</u>	<u>718,825,926</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		<u>696,226,468</u>	<u>639,585,468</u>
<b>NET ASSETS VALUE (NAV) PER UNIT (RM)</b>		<u>1.10</u>	<u>1.12</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim statements.

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES**  
**IN NET ASSETS VALUE**  
**For the Second Quarter Ended 30 June 2012**

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange Reserve	Total Unitholders' Fund RM
<b>As at 1 Jan 2011</b>	561,219,819	59,801,435	-	621,021,254
<b>Operation for the year ended 31 Dec 2011</b>				
Net income for the year	-	85,115,101	(4,124,784)	80,990,317
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	85,115,101	-	80,990,317
<b>Unitholders' transactions</b>				
Placement of units	65,954,500	-	-	65,954,500
Distribution to unitholders	-	(49,140,145)	-	(49,140,145)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	65,954,500	(49,140,145)	-	16,814,355
<b>Net assets as at 31 Dec 2011</b>	627,174,319	95,776,391	(4,124,784)	718,825,926
<b>As at 1 Jan 2012</b>	627,174,319	95,776,391	(4,124,784)	718,825,926
<b>Operation for the period ended 30 June 2012</b>				
Net income for the period	-	25,937,396	483,280	26,420,676
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	25,937,396	483,280	26,420,676
<b>Unitholders' transactions</b>				
Placement of units	55,508,180	-	-	55,508,180
Distribution to unitholders	-	(36,968,040)	-	(36,968,040)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	55,508,180	(36,968,040)	-	18,540,140
<b>Net assets as at 30 June 2012</b>	682,682,499	84,745,747	(3,641,504)	763,786,742

The condensed consolidated statement changes in net assets value should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Second Quarter Ended 30 June 2012**

	To Date	
	30-06-2012	30-06-2011
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	26,642,666	22,365,260
Adjustment for:		
Profit sharing expenses on Islamic financing	17,400,681	12,747,050
Accretion of long term Islamic financing	812,789	457,197
Investment revenue	<b>(336,100)</b>	<b>(268,537)</b>
Operating profit before working capital changes	44,520,036	35,300,970
Increase in receivables and prepayments	<b>(1,474,471)</b>	<b>(2,465,002)</b>
(Decrease)/Increase in other payables and accruals	1,534,258	79,042
Cash generated from operations	44,579,823	32,915,010
Taxes paid	<b>(704,822)</b>	<b>(191,250)</b>
Net cash generated from operating activities	43,875,001	32,723,760
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Income received from investment	336,100	268,537
Purchase of investment properties	<b>(32,991,820)</b>	-
Net cash generated from investing activities	<b>(32,655,720)</b>	268,537
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<b>(16,117,554)</b>	<b>(19,145,512)</b>
Profit sharing expenses on Islamic financing paid	<b>(17,400,681)</b>	<b>(12,747,050)</b>
Proceeds from issuance of long term Islamic financing	34,000,000	-
Net cash used in financing activities	481,766	<b>(31,892,562)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	11,701,046	1,099,735
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	483,280	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	52,982,073	46,568,105
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	65,166,400	47,667,840

# AL-'AQAR HEALTHCARE REIT

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2012

---

### **A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 ("FRS 134")**

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

These condensed financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 134 and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2011.

#### **A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2011 was not subject to any audit qualification.

#### **A3. SEASONALITY AND CYCLICALITY OF OPERATIONS**

The business operations of Al-'Aqar Healthcare REIT are not affected by any material seasonal or cyclical factors.

#### **A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS**

There were no unusual items affecting the financial statements of Al-'Aqar Healthcare REIT for the current quarter.

#### **A5. CHANGES IN ACCOUNTING ESTIMATES**

There were no changes in accounting estimates arising from the adoption of the new and revised FRSs, that have had a material effect on the current quarter's results.

#### **A6. ISSUANCES, CANCELLATIONS, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases and repayment of debt and equity securities being made in the current quarter.

#### **A7. INCOME DISTRIBUTION**

During the quarter under review, the Manager, in consultation with Trustee, has declared the following distributions:

	<b>Total RM</b>	<b>Distribution Per Unit (Sen)</b>
Interim distribution-Financial Year Ended 31 December 2012	20,850,486	3.26

The interim distribution has been paid to unit holders on 20 July 2012.

#### **A8. SEGMENTAL REPORTING**

No segmental reporting is required as the Al-'Aqar Healthcare REIT's activities are predominantly in one industry segment.

#### **A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There were no valuation of property being made in the current quarter. Increase in investment properties was due to acquisition of Bandar Baru Klang Specialist Hospital during the quarter under review amounted to RM 93.0 million.

#### **A10. SUBSEQUENT MATERIAL EVENTS**

Al-'Aqar Healthcare REIT had on 8 August 2012 entered into a sale and purchase agreement with Puteri Specialist Hospital (Johor) Sdn Bhd to acquire two (2) pieces of lands both situated in the town of Johor Bahru, District of Johor Bahru, Johor for a purchase consideration of RM3,590,000.

#### **A11. CHANGES IN THE COMPOSITION OF THE TRUST**

There were no changes in the composition of Al-'Aqar Healthcare REIT for the current quarter under review.

#### **A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

## **AL-'AQAR HEALTHCARE REIT**

### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the Second Quarter Ended 30 June 2012**

---

#### **B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS**

##### **B1. REVIEW OF PERFORMANCE**

The net rental income for Al-'Aqar Healthcare REIT of RM47.4 million for the 6 months period ended 30 June 2012 represented an increase of RM10.2 million or 27.3% from RM37.2 million recorded in the previous corresponding period. The increase was mainly due to new rental income contributed by Rumah Sakit Medika Permata Hijau, Rumah Sakit Bumi Serpong Damai, Jeta Garden Age Care Facility and Retirement Village, Kluang Utama Specialist Hospital and Bandar Baru Klang Specialist Hospital, which were acquired in July 2011, November 2011, January 2012 and June 2012 respectively. These properties had contributed approximately RM 9.7 million (or 20.5%) of rental income recorded for the period under review.

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM26.6 million, which is RM4.3 million or 19.1% higher than previous corresponding period's of RM22.3 million. The increase was due to higher rental income as mentioned above.

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

Al-'Aqar Healthcare REIT's profit before taxation of RM13.7 million for the Second Quarter 2012 was reported higher as compared with last quarter of RM12.9 million is mainly due to increase in net rental income as mentioned above in B1.

##### **B3. PROSPECTS**

Al-'Aqar Healthcare REIT, after considering the strength of healthcare real estate portfolio invested, will enjoy 100% rate of occupancy and collection. The Trust had completed acquisition of Kluang Utama Specialist Hospital and Bandar Baru Klang Specialist Hospital, bringing the total number of properties to 25 units, with a total value of RM1.45 billion. These properties are having similar leasing arrangement as per current properties. The arrangement will enhance rental income in future years, and subsequently will provide favorable returns to the unitholders.

The performance of the Al-'Aqar Healthcare REIT is expected to be satisfactory for the next quarter, with the existing investment portfolio and consistent acquisition in order to maintain its performance.

##### **B4. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS**

There was an issuance of 56,641,000 new units @ RM 0.98 per unit during the quarter under review which was part of Purchase Consideration for acquisition of Bandar Baru Klang Specialist Hospital.

## B5. TAXATION

	The Group		The Fund	
	30-06-2012	30-06-2011	30-06-2012	30-06-2011
	RM	RM	RM	RM
Tax expense	<u>705,270</u>	<u>191,250</u>	<u>-</u>	<u>-</u>

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year of assessment, 90% or more of the total income of the trust is distributed to unitholder, the total income of the trust for that year of assessment shall be exempted from tax.

In accordance with the Deed, the Fund is required to distribute at least 95% of its net income. The Manager also expects to distribute the net income within two months from the end of each financial year and accordingly, no estimated current tax payable or deferred tax is required to be provided in the financial statements.

In prior years, no provision for tax payable has been made by the subsidiary company as the said subsidiary company is a special purpose vehicle ("SPV") company established solely for the purpose of complying with Syariah requirements in the issuance of Islamic securities. "Islamic securities" are defined as securities which adopt the principles of mudharabah, Musyarakah, Ijarah or Istina and under the Malaysia Income Tax (Exemption) (No. 14) Order 2007, the statutory income of the subsidiary company was exempted from tax.

The said order was, however, revoked on April 24, 2008 and replaced by a new Section 601 of the Malaysia Income Tax Act which had similar exemption for a SPV company established to issue Islamic Securities. The revocation and new amendment is deemed to have come into operation from the year of assessment 2007.

However, the new Section 601 appears to apply to SPV company established by another company. As the holding entity of the subsidiary company is not a company, the said subsidiary company has not excluded its statutory income derived from the issuance of Islamic Securities from tax.

## B6. GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no disposal of unquoted securities or investment properties during the current quarter.

## B7. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

There were no purchase or disposal of quoted securities during the current quarter.



## B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

- (a) On 9 March 2010, Al-Aqar Healthcare REIT had announced its proposal to acquire the six properties from the subsidiaries of Johor Corporation, namely PT. Khidmat Perawatan Jasa Medika ("PT. Khidmat") and Tanjung Tuan Hotel Sdn Bhd ("TTHSB"), Kulim (Malaysia) Berhad and the subsidiaries of KPJ Healthcare Berhad, namely Bandar Baru Klang Specialist Hospital Sdn Bhd ("BBKSHSB"), Pusat Pakar Kluang Utama Sdn. Bhd. ("PPKUSB") and PT. KPJ Medica.

The list of the registered proprietors of the properties, collectively known as the "vendors", is set out below:

Properties	Registered Proprietors
Bandar Baru Klang Specialist Hospital ("BBKSH") Building	BBKSHSB
Kluang Utama Specialist Hospital ("KUSH") Building	PPKUSB
Rumah Sakit Bumi Serpong Damai ("RSBSD") Building	PT KPJ Medica
Rumah Sakit Medika Permata Hijau ("RSMPH") Building	PT Khidmat
Selesa Beach Resort Port Dickson ("Selesa Resort") Building	Tanjung Tuan Resort Development Sdn Bhd ("TTRDSB")
Menara Ansar ("Menara Ansar") Building	Kulim (Malaysia) Berhad

On 22 September 2010, Al-Aqar Healthcare REIT had announced that due to unforeseen circumstances, it was not able to proceed with the acquisition of the Selesa Resort Building and the lease over Menara Ansar Building. As such, the parties involved have mutually agreed not to pursue with the said acquisitions.

Subsequently, Al-Aqar Healthcare REIT will acquire the properties (except for Selesa Resort and Menara Ansar) from the vendors for a total purchase consideration of approximately RM159,910,000.

The acquisition has been approved by unitholders at a General Meeting held on 17 December 2010, and 2 properties (RSBSD and RSMPH) are completed on 26 July 2011. Acquisition of KUSH and BBKSH was completed on 6 January 2012 and 26 June 2012 respectively.

- (b) Al-Aqar Healthcare REIT on 22 September 2010 had announced its proposal to acquire two properties from Jeta Gardens Waterford Trust ("JGWT") for a total purchase consideration of AUD equivalent of RM131,909,000.

The Properties with a land area of 14.753 hectares consist of the integrated gated premium residential estate for older people which includes an aged care complex with care facilities known as "Jeta Gardens Aged Care Facility", 23 units of independent living villas and 32 units of independent living apartments known as "Jeta Gardens Retirement Village". Jeta Gardens Aged Care Facility includes 108 aged care bed places with all ancillary improvements, dining areas, kitchen, bathrooms, nurses stations, lounge area, etc.

JGWT represented by its trustee, Jeta Gardens Pty Ltd ("JGPL"), had accepted the letter of offer dated 22 September 2010. The Properties are sold free from all encumbrances, charges, liens and with legal possession subject to the conditions and restrictions expressed or implied in the Certificates of Title.

Acquisition of Jeta Gardens was completed on 29 November 2011.

**B9. LONG TERM ISLAMIC FINANCING**

	The Group	
	As at 30-06-2012 RM'000	As at 31-12-2011 RM'000
<b><u>Non-current</u></b>		
Sukuk Ijarah - IMTN	268,395	268,306
Ijarah Muntahiah Bitamlik	249,127	248,758
Ijarah Muntahiah Tawarruq	110,000	76,000
Ijarah Muntahiah Bitamlik Financing-I Facility	79,949	79,949
	707,470	673,013
<b><u>Current</u></b>		
Sukuk Ijarah - ICP	11,918	11,682

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

For the current quarter, the Group does not have any off balance sheet financial instruments.

**B11. MATERIAL LITIGATION**

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

**B12. SOFT COMMISSION RECEIVED**

There was no soft commission received by the Manager during the quarter under review.

**B13. SUMMARY OF DPU, EPU AND NAV**

	Quarter ended 30-06-2012	Immediate Preceding Quarter ended 31-03-2012
Number of units in issue (units)	696,226,468	639,585,468
Earning per unit (EPU) - sen	1.93	1.95
Net income distribution to unitholders (RM'000)	20,850	16,118
Distribution per unit (DPU) - sen	3.26	2.52
Net Asset Value (NAV) - RM'000	763,787	715,270
NAV per unit (RM)	1.10	1.12

Market Value Per Unit (RM)

**B14. RESPONSIBILITY STATEMENT**

This quarterly report has been prepared in accordance with FRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-'Aqar Healthcare REIT as at 30 June 2012 and of its financial performance and cash flows for the period then ended.