

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Second Quarter Ended 30 June 2016

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
	RM	RM	RM	RM
Gross rental income	26,551,972	27,589,334	52,967,219	55,155,556
Property expenses	(1,539,711)	(1,752,227)	(3,083,343)	(3,324,603)
Net rental income	25,012,261	25,837,107	49,883,876	51,830,953
Investment income	376,111	359,050	688,044	791,788
Gain in fair value adjustment	-	700,000	-	700,000
Other income	10	6,151	15,233	47,329
Total income	25,388,382	26,902,308	50,587,153	53,370,070
Managers' fees	(434,158)	(428,423)	(865,437)	(861,016)
Trustees' fees	(66,422)	(61,899)	(131,666)	(123,444)
Accretion of long term borrowings	(118,684)	(434,434)	(237,369)	(868,869)
Annual financing fees	(173,875)	(173,875)	(347,750)	(391,583)
Maintenance of properties	-	(317)	-	(25,440)
Administrative expenses	(174,828)	(454,910)	(299,926)	(725,534)
Professional fees	(38,573)	(625,725)	(66,906)	(795,828)
Withholding tax	(222,376)	(447,275)	(444,753)	(894,242)
Profit sharing expenses on financing	(7,698,077)	(8,820,167)	(15,396,153)	(17,718,915)
Total trust expenditure	(8,926,993)	(11,447,025)	(17,789,960)	(22,404,871)
Profit before taxation	16,461,389	15,455,283	32,797,193	30,965,199
Tax expense	-	(187,415)	-	(374,574)
Profit after taxation	16,461,389	15,267,868	32,797,193	30,590,625
Other comprehensive expense				
Foreign currency translation differences for foreign operation	224,150	1,149,507	(251,678)	2,007,604
Total comprehensive income for the period/year	16,685,539	16,417,375	32,545,515	32,598,229
Profit after taxation is made up as follows:				
Realised	16,461,389	14,567,868	32,797,193	29,890,625
Unrealised	-	700,000	-	700,000
	16,461,389	15,267,868	32,797,193	30,590,625
Earnings per unit (sen) - Net	2.26	2.19	4.50	4.39

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2016

	Note	Unaudited As At End Of Current Quarter 30-06-2016	Audited As at preceding year ended 31-12-2015
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,522,147,190	1,521,523,040
Current Assets			
Trade receivables		12,337,039	7,715,299
Other receivables & prepayments		2,321,380	2,072,321
Cash and bank balances		22,533,879	26,364,600
Fixed deposits with licensed banks		49,029,566	36,706,886
		86,221,864	72,859,106
TOTAL ASSETS		1,608,369,054	1,594,382,146
LIABILITIES			
Non-current liabilities			
Borrowing	B9	653,599,023	653,713,403
Deferred tax		3,012,278	3,014,620
		656,611,301	656,728,023
Current Liabilities			
Other payables and accruals		57,801,613	57,819,376
Taxation		9,144	9,144
		57,810,757	57,828,520
TOTAL LIABILITIES		714,422,058	714,556,543
NET ASSETS VALUE		893,946,996	879,825,603
REPRESENTED BY:			
Unitholders' capital		722,398,126	722,398,126
Undistributed income		172,529,968	158,156,897
Foreign exchange translation reserve		(981,098)	(729,420)
TOTAL UNITHOLDERS' FUND		893,946,996	879,825,603
NUMBER OF UNITS IN CIRCULATION		728,226,468	728,226,468
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.2276	1.2082

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES
IN NET ASSETS VALUE
For the Second Quarter Ended 30 June 2016

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 Jan 2015	682,682,499	153,093,194	(4,232,937)	831,542,756
Operation for the year ended 31 Dec 2015				
Net income for the year	-	67,445,588	3,503,517	70,949,105
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	67,445,588	3,503,517	70,949,105
Unitholders' transactions				
Placement of units	40,000,000	-	-	40,000,000
Distribution to unitholders	-	(62,381,885)	-	(62,381,885)
Issuing expenses	(284,373)	-	-	(284,373)
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	39,715,627	(62,381,885)	-	(22,666,258)
Net assets as at 31 Dec 2015	722,398,126	158,156,897	(729,420)	879,825,603
As at 1 Jan 2016	722,398,126	158,156,897	(729,420)	879,825,603
Operation for the period ended 30 June 2016				
Net income for the period	-	32,797,193	(251,678)	32,545,515
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	32,797,193	(251,678)	32,545,515
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders#	-	(18,424,122)	-	(18,424,122)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(18,424,122)	-	(18,424,122)
Net assets as at 30 June 2016	722,398,126	172,529,968	(981,098)	893,946,996

Includes the payment of the final income distribution for financial year 2015 in respect of the period from 1 September to 31 December 2015 of 2.53 sen per unit which was paid on 29 February 2016.

The Condensed Consolidated Statement of Changes In Net Assets Value should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Second Quarter Ended 30 June 2016

	To Date	
	30-06-2016	30-06-2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	32,797,193	30,965,199
Adjustment for:		
Profit sharing expenses on Islamic financing	15,743,903	18,110,498
Accretion of long term Islamic financing	237,369	868,869
Gain on fair value adjustment of investment properties	-	(700,000)
Investment revenue	(688,044)	(791,788)
Operating profit before working capital changes	48,090,421	48,452,778
Increase in receivables and prepayments	(4,870,800)	(1,895,879)
Decrease in other payables and accruals	(343,320)	(1,509,405)
Cash generated from operations	42,876,301	45,047,494
Taxes paid	-	(343,294)
Net cash generated from operating activities	42,876,301	44,704,200
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investment properties	(624,150)	-
Income received from investment	688,044	791,788
Net cash generated from investing activities	63,894	791,788
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(18,424,122)	(26,386,983)
Profit sharing expenses on Islamic financing paid	(15,772,436)	(17,422,304)
Net cash used in financing activities	(34,196,558)	(43,809,287)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	8,743,637	1,686,701
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(251,678)	2,007,604
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	63,071,486	67,791,978
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	71,563,445	71,486,283

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2016

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Malaysia Financial Reporting Standard (MFRS) 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 2015.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2015 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

There was no income distribution declared or paid during the quarter under review.

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 INVESTMENT PROPERTIES

There were no valuation of property being made in the current quarter.

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events from the date of this report.

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 2016

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 RM49.9 million for the 6 months period ended 30 June 2016 represented decrease of RM1.9 million or 3.7% from RM51.8 million recorded in the previous corresponding period. The decrease was mainly due to disposal of Crossborder companies which own two (2) properties in Indonesia.

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM32.7 million, which is RM1.8 million or 5.8% higher than previous corresponding period's of RM30.9 million. The increase was due to lower financing costs as the Fund had fully settled its RM80 million Ijarah Loan facility in December last year by using proceeds from the abovementioned disposal and annual incremental on the rental income.

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

	Current Quarter ended 30.06.2016 RM	Immediate Preceding Quarter ended 31.03.2016 RM
Profit before tax	16,461,389	16,335,804

There was no material changes in profit before tax recorded in the current quarter as compared with the immediate preceding quarter.

B3. PROSPECTS

The Malaysian healthcare industry is expected to perform well in 2016, however with a moderate growth given the higher cost of living and external economic uncertainties. The industry is expected to remain resilient, underpinned by growing demand and awareness for proper healthcare, rising of middle income group and medical insurance coverage, rapid ageing population and medical tourism.

Al-'Aqar Healthcare REIT, after considering the strength of healthcare real estate portfolio invested, has always enjoy 100% rate of occupancy and collection, being KPJ Group as the sole tenant.

The performance of Al-'Aqar Healthcare REIT is expected to be satisfactory for the next quarter, with the existing investment portfolio.

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

There was no issuance of new units during the quarter under review.

B5. TAXATION

	The Group		The Fund	
	30-06-2016 RM	30-06-2015 RM	30-06-2016 RM	30-06-2015 RM
Tax expense	-	374,574	-	-

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 unitholders, 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.

The Group tax expense relates to the tax expense of foreign subsidiaries of the Fund.

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

There was no corporate proposal announced during the current quarter.

B9. BORROWINGS

	The Group	
	As at 30-06-2016 RM'000	As at 31-12-2015 RM'000
<u>Non-current</u>		
Sukuk Ijarah of RM 1.0 billion - IMTN	653,599	653,713

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

	Current Quarter ended 30-06-2016	Immediate Preceding Quarter ended 31-03-2016
Number of units in issue - units	728,226,468	728,226,468
Earning per unit (EPU) - sen	2.26	2.24
Net income distribution to unitholders - RM'000	-	18,424
Distribution per unit (DPU) - sen	-	2.53
Net Asset Value (NAV) - RM'000	893,947	877,261
NAV per unit - RM	1.2276	1.2047
Market Value Per Unit - RM	1.5600	1.5200

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 2016 and of its financial performance and cash flows for the period then ended.