

# **AmFIRST REAL ESTATE INVESTMENT TRUST**

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

Reporting Quarter Ended 30th June 2009

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

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

These condensed financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 134 and Chapter 9 Part K of the 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 31st March 2009.

#### **A2. DECLARATION OF AUDIT QUALIFICATION**

There was no audit qualification on the financial statements for the year ended 31st March 2009.

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

The operations of the Trust are not subjected to seasonal or cyclical fluctuation.

#### **A4. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the quarter under review.

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

There were no changes in estimates that have had a material effect for the quarter under review.

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

There were no issuances or repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the quarter under review.

**A7. INCOME DISTRIBUTION PAID**

	Total RM'000	Per Unit (Sen)
Income distribution for the financial period ended 31st March 2009, paid on 29th May 2009.	<u>19,219</u>	<u>4.48</u>

**A8. SEGMENT INFORMATION**

Segmental reporting is not applicable.

**A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT BROUGHT FORWARD**

The valuations of land and buildings have been brought forward without amendment from the financial statements for the year ended 31st March 2009.

**A10. MATERIAL SUBSEQUENT EVENTS**

There are no material events subsequent to the end of the reporting quarter.

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

There were no changes in the composition of the Trust during the quarter under review.

**A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.22 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. REVIEW OF PERFORMANCE**

For the financial quarter ended 30th June 2009, the Trust recorded total gross rental income of RM23,654,475 against RM22,522,406 for the last financial year, an improvement of 5% or RM1,132,069. The improvement was derived mainly from new lettings and renewal of tenancies at higher rental rates.

This coupled with lower interest expenses as a result of reduction in cost of borrowings contributed to higher net income after taxation by 10% to RM10,576,049 compared to RM9,600,611 for the last corresponding quarter.

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

	<b>Current Quarter</b> <b>01.04.2009</b> <b>TO</b> <b>30.06.2009</b> <b>RM</b>	<b>Preceding Quarter</b> <b>01.01.2009</b> <b>TO</b> <b>31.03.2009</b> <b>RM</b>
Gross rental income	23,654,475	24,191,179
Net profit before taxation #	10,576,049	151,722,072
Taxation	-	-
Net profit after taxation	10,576,049	151,722,072
<b># Net profit before taxation is made up as follows:</b>		
Realised	10,576,049	10,187,945
Unrealised	-	141,534,127
	10,576,049	151,722,072

Excluding the unrealized gain arising from revaluation of investment properties of RM141,534,127 recorded in immediate preceding quarter, realized net income after taxation improved to RM10,576,049 from RM10,187,945 in the immediate preceding quarter mainly due to lower borrowing cost.

**B3. CURRENT YEAR PROSPECTS**

The ensuing financial year ending 31st March 2010 will be a challenging year due to volatility and uncertainty of the global economy. However, the Manager expects AmFIRST REIT to continue to experience a stable stream of income based on current tenancy profile and the diversity of tenants mix. We also intend to upgrade some of our properties to remain competitive in the market and to maintain or increase the current level of occupancy rates.

Barring any unforeseen deterioration in the external economic environment, the Manager expects AmFIRST REIT to maintain its strong performance for the financial year ending 31st March 2010 and to exceed its forecast as disclosed in the Prospectus.

**B4. VARIANCE OF PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable for this quarter.

**B5. TAXATION**

Pursuant to the new tax system for Real Estate Investment Trust (“REITs”), the undistributed income from REITs is exempted from income tax provided that at least 90% of their income is distributed to unitholders with effect from the year of assessment 2007.

There is no tax payable as AmFIRST REIT intends to distribute 100% of the distributable income to unitholders for the financial year ending 31st March 2010.

**B6. SALES OF UNQUOTED INVESTMENT AND/OR PROPERTIES**

There were no sales of unquoted investments and/or properties during quarter under review.

**B7. QUOTED INVESTMENTS**

There were no purchases or disposals of quoted investment during the quarter under review.

## **B8. STATUS OF CORPORATE PROPOSALS**

On 19th January 2009, two (2) announcements were made to Bursa Malaysia Securities Berhad on the proposed acquisitions of three (3) floors of office space located at level 14, 15 and 16 at Menara Summit (totaling to 36,166 square feet) for a total purchase consideration of RM11.23 million.

With this acquisition, AmFIRST would own twelve (12) out of the thirteen (13) floors of offices at Menara Summit, or 144,667 square feet out of the total office strata area of 156,723 square feet or 92% ownership of the total office space.

The proposed acquisitions of office space located at level 15 and 16 was completed on 15th June 2009 in accordance with the terms and conditions stipulated in the Sale and Purchase Agreements, both made on 19th January 2009 between Salcon Resources Sdn Bhd and Mayban Trustees Berhad as trustee for AmFIRST REIT.

## **B9. BORROWINGS (INTEREST BEARING)**

The Trust's borrowings as at the end of the reporting quarter are tabled below:-

	RM'000
<b><u>Long-term borrowing</u></b>	
Term loan (secured)	154,500
<b><u>Short-term borrowing</u></b>	
Revolving credit facility (secured)	255,000
	<u>409,500</u>

The borrowings were obtained to finance the acquisition of Menara Merais, Kelana Brem Tower and The Summit Subang USJ.

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

There were no off balance sheet financial instruments as at the date of this report.

## **B11. CHANGES IN MATERIAL LITIGATION**

There was no material litigation as the date of this report.

## **B12. INCOME DISTRIBUTION**

No income distribution was declared during the quarter under review.

**B13. EARNINGS PER UNIT**

	Current year quarter 30.06.2009	Current year- to-date 30.06.2009
(a) Basic earnings per unit		
Net income for the period (RM'000)	10,576	10,576
Number of units in circulation ('000)	429,001	429,001
Basic earning per unit (sen)	<u>2.47</u>	<u>2.47</u>
(b) Diluted earnings per unit	<u>Not applicable</u>	<u>Not applicable</u>