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## CONDENSED FINANCIAL STATEMENTS

### SECOND QUARTER ENDED 30 SEPTEMBER 2013

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# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME For The Second Quarter Ended 30 September 2013

	Current Year Quarter 30.09.2013 RM'000	Preceding Year Corresponding Quarter 30.09.2012 RM'000	Current Year To Date 30.09.2013 RM'000	Preceding Year To Date 30.09.2012 RM'000
<b>Gross revenue</b>	27,805	26,830	56,250	53,440
Property expenses	(9,151)	(8,633)	(18,229)	(17,607)
<b>Net property income</b>	18,654	18,197	38,021	35,833
Interest and other income	41	220	111	270
	18,695	18,417	38,132	36,103
<b>Administrative expenses</b>				
Manager's fee	(1,546)	(1,449)	(3,111)	(2,894)
Trustee's fee	(83)	(75)	(166)	(137)
Valuation fee	(61)	(60)	(127)	(131)
Auditors' remuneration	(15)	(5)	(21)	(10)
Tax agent's fee	(3)	(3)	(6)	(6)
Others expenses	205	(246)	(243)	(533)
Interest expense	(4,790)	(4,788)	(9,565)	(10,722)
	(6,293)	(6,626)	(13,239)	(14,433)
<b>Net trust income</b>	12,402	11,791	24,893	21,670
(Loss)/Gain arising from measuring non-current financial liabilities at amortized cost	(134)	296	458	234
<b>Income before taxation</b>	12,268	12,087	25,351	21,904
Taxation	-	-	-	-
<b>Income for the period</b>	12,268	12,087	25,351	21,904
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	12,268	12,087	25,351	21,904
<b>Total comprehensive income for the period is made up as follows:-</b>				
- Realized	12,402	11,791	24,893	21,670
- Unrealized	(134)	296	458	234
	12,268	12,087	25,351	21,904
<b>Units In Circulation (Unit) ('000)</b>	686,402	582,882*	686,402	506,362*
<b>Basic Earnings Per Unit (EPU) (sen)</b>	1.79	2.07	3.69	4.33

\* Based on weighted average number of unit in circulation.

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As At 30 September 2013

	As At 30.09.2013 (Unaudited) RM'000	As At 31.03.2013 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment properties	1,282,716	1,277,226
<b>Current Assets</b>		
Receivables	6,722	7,602
Deposit with financial institution	6,447	11,741
Cash and bank balances	1,232	1,020
	14,401	20,363
<b>TOTAL ASSETS</b>	1,297,117	1,297,589
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Rental deposits	13,865	10,482
Borrowings	128,000	338,000
	141,865	348,482
<b>Current Liabilities</b>		
Payables	7,065	7,646
Rental deposits	12,587	16,158
Borrowings	298,400	88,400
	318,052	112,204
<b>TOTAL LIABILITIES</b>	459,917	460,686
<b>NET ASSET VALUE</b>	<b>837,200</b>	<b>836,903</b>
<b>FINANCED BY:</b>		
<b>UNITHOLDERS' FUNDS</b>		
Unitholders' capital	636,625	636,625
Undistributed income - Realized	25,141	25,302
Undistributed income - Unrealized	175,434	174,976
	<b>837,200</b>	<b>836,903</b>
<b>Number Of Units In Circulation ('000)</b>	<b>686,402</b>	<b>686,402</b>
<b>Net Asset Value per unit (RM)</b>		
- before income distribution	1.2197	1.2193
- after income distribution	1.1832	1.1828

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE For The Second Quarter Ended 30 September 2013

	Unitholders' Capital RM'000	Distributable Undistributed Income		Unitholders' Fund RM'000
		Realized RM'000	Unrealized RM'000	
<b><u>Current Year To Date</u></b>				
<b>As At 1 April 2013</b>	636,625	25,302	174,976	836,903
Total comprehensive income for the period	-	24,893	458	25,351
<b><u>Unitholders' transactions</u></b>				
Distribution to Unitholders	-	(25,054)	-	(25,054)
<b>As At 30 September 2013</b>	<u>636,625</u>	<u>25,141</u>	<u>175,434</u>	<u>837,200</u>
<b><u>Preceding Year To Date</u></b>				
<b>As At 1 April 2012</b>	426,873	20,792	170,100	617,765
Total comprehensive income for the period	-	21,670	234	21,904
<b><u>Unitholders' transactions</u></b>				
Issuance of Rights Unit	213,642	-	-	213,642
Issuing expenses	(3,751)	-	-	(3,751)
Distribution to Unitholders	-	(20,721)	-	(20,721)
<b>As At 30 September 2012</b>	<u>636,764</u>	<u>21,741</u>	<u>170,334</u>	<u>828,839</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 March 2013 and the accompanying explanatory notes.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

**For The Second Quarter Ended 30 September 2013**

	Current Year To Date 30.09.2013 RM'000	Preceding Year To Date 30.09.2012 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before taxation	25,351	21,904
<i>Adjustment for :-</i>		
Interest income	(77)	(270)
Reversal of impairment loss on trade receivables	(218)	(124)
Trade receivables written-off	-	176
Interest expenses	9,565	10,722
Gain arising from measuring non-current financial liabilities measured at amortized cost	(458)	(234)
Operating income before working capital changes	34,163	32,174
<b>Changes in working capital</b>		
Decrease/(increase) in receivables	1,097	(9,145)
Decrease in payables	(123)	(1,372)
Increase/(decrease) in rental deposits	270	(518)
<b>Net cash generated from operating activities</b>	35,407	21,140
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Upgrade/enhancement of investment properties	(5,490)	(2,832)
Interest received	77	270
<b>Net cash used in investing activities</b>	(5,413)	(2,562)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(10,022)	(10,231)
Proceeds from issuance of Rights Unit	-	213,642
Issuing expenses	-	(3,752)
Distributions to Unitholders	(25,054)	(20,721)
Repayment of borrowings	-	(204,845)
<b>Net cash used in financing activities</b>	(35,076)	(25,906)
<b>Net change in cash and cash equivalents</b>	(5,082)	(7,329)
<b>Cash and cash equivalents at the beginning of period</b>	12,761	10,270
<b>Cash and cash equivalents at the end of period</b>	7,679	2,942
<b>CASH AND CASH EQUIVALENTS COMPRISE :-</b>		
Deposit with financial institution	6,447	2,471
Cash and bank balances	1,232	469
	7,679	2,941

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes.

# **AmFIRST REAL ESTATE INVESTMENT TRUST**

## **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2013**

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### **EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 AND INTERNATIONAL ACCOUNTING STANDARD (“IAS”) 34**

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

These condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by Malaysian Accounting Standard Board (“MASB”) and with IAS 34: Interim Financial Reporting, Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), applicable provisions of the Deed and the Securities Commission’s (“SC”) Guidelines on Real Estate Investment Trusts.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the preparation of audited financial statements of AmFIRST Real Estate Investment Trust (“AmFIRST REIT” or the “Trust”) for the financial year ended 31 March 2013 except for the adoption of the relevant new MFRSs, amendments to MFRSs and IC Interpretations that are effective for annual period beginning on or after 1 April 2013. The adoption of new MFRSs, amendment to MFRSs and IC interpretations does not have any material impact on the financial results of the Trust.

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

There was no audit qualification on the financial statements for the year ended 31 March 2013.

#### **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 material unusual items affecting the amounts reported for 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, cancellation, repurchase, resale and repayment of debt and equity securities for the quarter under review.

#### **A7. SEGMENT INFORMATION**

No segment information is prepared as the Trust’s activities are predominantly in one reportable segment and its assets are located in Malaysia.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2013

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### A8. INCOME DISTRIBUTION PAID

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

The Board of Director of the Manager of AmFIRST REIT, has declared an interim income distribution of 3.65 sen per unit for the six month period from 1 April 2013 to 30 September 2013 amounting to RM25,053,658, representing approximately 100% of the realized distributable net income for the six-month period ended 30 September 2013, payable on 5 December 2013 as disclosed in note B18 below.

### A9. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the end of the reporting quarterly period.

### A10. CHANGES IN THE COMPOSITION OF THE TRUST

There were no changes in the composition of the Trust during the quarter under review, and the fund size stands at 686,401,600 units as at 30 September 2013.

### A11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

### A12. VALUATION OF INVESTMENT PROPERTIES

The valuations of investment properties have been brought forward without any amendment from the previous audited financial statements for the year ended 31 March 2013.

### A13. REALIZED AND UNREALIZED INCOME DISCLOSURE

The breakdown of undistributed income into realized and unrealized as at 30 September 2013 are summarized as below:-

	As At 30.09.2013 RM'000	As At 31.03.2013 RM'000
<i>Realized</i>		
Distributable undistributed income	25,141	25,302
<i>Unrealized</i>		
Cumulative net change arising from the fair value of investment properties	174,217	174,217
Gain arising from measuring non-current financial liabilities at amortized cost	1,217	759
	175,434	174,976
	<u>200,575</u>	<u>200,278</u>

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2013

### ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### B1. REVIEW OF PERFORMANCE

For the six-month period ended 30 September 2013, the Trust recorded gross revenue and net property income of RM56.3 million and RM38.0 million respectively, representing an increase of 5.3% and 6.1% respectively as compared to preceding corresponding period. The improved results were mainly attributable to the additional contribution from Kompleks Tun Sri Lanang (also known as Jaya 99) which the acquisition was completed on 1 November 2012.

With higher net property income coupled with interest saving arising from the repayment of bank borrowings via proceeds raised from the rights issue, the Trust has recorded RM24.9 million realized and distributable net income for the current period, an increase of 14.9% as compared to the preceding corresponding period of RM21.7 million.

#### B2. CHANGES IN THE STATE OF AFFAIRS

There was no material change in the state of affairs of the Trust for the quarter under review.

#### B3. CHANGES IN PORTFOLIO COMPOSITION

There were no material changes in the portfolio composition of AmFIRST REIT for the quarter under review. As at 30 September 2013, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment <sup>1</sup> As At 30.09.2013 RM'000	Valuation <sup>2</sup> As At 30.09.2013 RM'000	% Valuation To Net Asset Value As At 30.09.2013 %
Bangunan AmBank Group	188,005	239,039	28.6%
AmBank Group Leadership Centre	19,719	22,065	2.6%
Menara AmFIRST	63,862	68,000	8.1%
Menara AmBank	232,224	310,000	37.0%
Wisma AmFIRST	94,098	113,950	13.6%
The Summit Subang USJ	288,720	305,436	36.5%
Prima 9	72,898	75,000	9.0%
Prima 10	61,746	62,000	7.4%
Kompleks Tun Sri Lanang	87,226	87,226	10.4%
	<u>1,108,498</u>	<u>1,282,716</u>	

1 Cost of investment comprised purchase consideration paid and capital expenditure incurred since acquisition.

2 Based on latest valuation as at 31 March 2013 and the capital expenditure incurred during the period from 1 April 2013 to 30 September 2013.



# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2013

### B4. CHANGES IN NET ASSET VALUE AND UNIT PRICE

	As at 30.09.2013 RM'000	As at 31.03.2013 RM'000
Net Asset Value ("NAV")	837,200	836,903
NAV Per Unit (RM)		
- Before income distribution	1.2197	1.2193
- After income distribution	1.1832	1.1828
Closing Unit Price Per Unit (RM)	1.04	1.08

The NAV per Unit after income distribution is calculated after taking into consideration for income distribution of approximately 100% of the realized distributable income at the end of the reporting period.

### B5. REVIEW OF COMMERCIAL PROPERTY MARKET

Although there is a concern of an oversupply in the commercial office market segment, office rental remained resilient with mixed performance in occupancy level for different grade and location of the offices. The Trust's office portfolio occupancies and rentals remain stable.

The overall retail sector remains resilient sustained by strong domestic demand. Retail sales remained buoyant with continued local and international interest for investments in the sector. The Trust's retail component is enjoying high occupancy and stable rental income.

### B6. PROSPECTS

The additional contribution from the newly acquired properties and improvement in overall occupancies of the existing properties under the portfolio is expected to boost the net income of the Trust for the financial year ending 31 March 2014.

The Manager will continue to actively manage the property portfolio to extract value whilst exploring various potential acquisitions to grow the Trust. Barring any unforeseen circumstances, the Manager expects the Trust to continue deliver sustainable performance for the financial year ending 31 March 2014.

### B7. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There were no issuances of new units for the quarter under review.

### B8. CIRCUMSTANCES AFFECTING INTEREST OF UNITHOLDERS

There were no unusual circumstances which materially affect the interest of the unitholders for the quarter under review.

# **AmFIRST REAL ESTATE INVESTMENT TRUST**

## **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2013**

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### **B9. CHANGES IN MATERIAL LITIGATION**

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

### **B10. STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals announced but not completed as at the latest practicable date of this report.

### **B11. MAJOR MAINTENANCE COSTS AND CAPITAL EXPENDITURE**

During the current quarter ended 30 September 2013, a total of approximately RM5.5 million has been incurred for upgrading and enhancement of the investment properties where the bulk amount was spent on refurbishment and upgrading of Wisma AmFIRST and Bangunan AmBank Group.

### **B12. SOFT COMMISSION**

During the quarter ended 30 September 2013, the Manager did not receive any soft commission from its broker or dealer by virtue of transaction conducted by the Trust.

### **B13. REVENUE RECOGNITION**

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Trust and the revenue can be reliably measured. Rental income arising from operating leases on investment properties is accounted for on straight-line basis over the lease term.

### **B14. MANAGER'S FEE**

Pursuant to the Deed constituting AmFIRST REIT, the Manager's fee consist of a base fee up to 0.5% per annum of the total asset value of the Trust (excluding any taxes payable) and a performance fee of 3.0% per annum of net property income (excluding any taxes payable), accruing monthly but before deduction of property management fee.

For the current quarter ended 30 September 2013, the Manager's fee consists of a base fee of 0.30% per annum and performance fee of 3.0% per annum.

### **B15. TRUSTEE'S FEE**

Pursuant to the Deed constituting AmFIRST REIT, the Trustee is entitled to receive a fee up to 0.10% per annum of the net asset value of the Trust.

The Trustee's fee for the current quarter ended 30 September 2013 is calculated based on 0.04% per annum of the net asset value.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2013

### B16. UNITS HELD BY RELATED PARTIES

As at 30 September 2013, the Manager did not hold any units in AmFIRST REIT. However, the parties related to the Manager who holds units in AmFIRST REIT are as follows:

	<b>Number of Unit 000</b>	<b>Market Value RM'000</b>
<b>(a) Unitholdings of companies related to the Manager</b>		
AmBank (M) Berhad	183,489	190,829
Amcorp Group Berhad	41,779	43,450
Jadeline Capital Sdn Bhd	36,968	38,447
AmLife Insurance Berhad on behalf of Life Fund	11,200	11,648
AmGeneral Insurance Berhad on behalf of Shareholders' Fund	10,000	10,400
AmGeneral Insurance Berhad on behalf of General Fund	4,800	4,992
<b>(b) Indirect unitholdings of Directors of the Manager</b>		
- Lim Hwee Chiang <sup>1</sup>	36,968	38,447
<b>(c) Acting Chief Executive Officer ("CEO") of the Manager</b>		
- Zuhairy Md Isa <sup>2</sup>	7	7

1. By virtue of Mr. Lim Hwee Chiang's indirect interest in Jadeline Capital Sdn Bhd.

2. Direct interest held through nominees account registered in the name of Malacca Equity Nominees (Tempatan) Sdn Bhd.

The market value is determined by multiplying the number of units with the closing unit price of RM1.04 per unit as at 30 September 2013.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2013

### B17. TAXATION

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, 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.

There will be no tax payable for the Trust as the Trust intends to distribute at least 90% of the distributable income to unitholders for the financial year ending 31 March 2014.

Reconciliation between the applicable income tax expense and the effective income tax expense of the Trust is as follows:-

	Current Period 30.09.2013 RM'000	Preceding Corresponding Period 30.09.2012 RM'000
Current tax expense	-	-
<b>Reconciliation of effective tax expense</b>		
Net income before taxation	25,351	21,904
Income tax using Malaysian tax rate of 25% (2012: 25%)	6,338	5,476
Effects of non-deductible expenses	87	35
Effect of measuring non-current financial liabilities at amortized cost	115	59
Effects of income exempted from tax	(6,540)	(5,570)
Tax expense	-	-

### B18. INCOME DISTRIBUTION

The Board of Director of the Manager of the Trust, has declared an interim income distribution of 3.65 sen per unit for the six month period from 1 April 2013 to 30 September 2013 amounting to RM25,053,658, representing approximately 100% of the realized distributable net income for the six-month period ended 30 September 2013, to be payable on 5 December 2013 to the unitholders registered in the Record of Depositors on 21 November 2013.

Pursuant to the amended Section 109D of the Income Tax Act, 1967, the following withholding tax rates will be deducted for distribution made to the following categories of unitholders:

- Resident and non-resident individuals (withholding tax at 10%)
- Resident and non-resident institution investors (withholding tax at 10%)
- Resident companies (no withholding tax, to tax at prevailing corporate tax rate)
- Non-resident corporate (withholding tax at 25%)

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2013

### B18. INCOME DISTRIBUTION (CONT'D)

Interim income distribution for the six-month period ended 30 September 2013 is from the following sources:-

	<b>01.04.2013 To 30.09.2013 RM'000</b>	<b>01.04.2012 To 30.09.2012 RM'000</b>
Rental income	56,250	53,440
Interest and other income	111	270
Total income	56,361	53,710
Less : Total expenses	(31,468)	(32,040)
Realized net income for the period	24,893	21,670
Add : Distributable undistributed income brought forward	248	71
Total income available for distribution	25,141	21,741
<b>Less : Proposed interim income distribution</b>	<b>(25,054)</b>	<b>(21,690)</b>
Distributable undistributed income carried forward	87	51
<b>Number of Unit in Circulation ('000)</b>	<b>686,402</b>	<b>686,402</b>
<b>Distribution Per Unit ("DPU") (Sen)</b>	<b>3.65</b>	<b>3.16</b>

### B19. BASIC EARNINGS PER UNIT ("EPU")

	<b>Quarter Ended</b>		<b>Period Ended</b>	
	<b>30.9.2013</b>	<b>30.9.2012</b>	<b>30.9.2013</b>	<b>30.9.2012</b>
Net income for the period (RM'000)	12,268	12,087	25,351	21,904
Number of units in circulation ('000)	686,402	582,882*	686,402	506,362*
Basic EPU per unit (sen)	1.79	2.07	3.69	4.33

\* Based on weighted average of unit in circulation. The total number of units in issue had increased from 429,001,000 to 686,401,600 arising from the issuance and listing of 257,400,600 Rights Units on the Main Market of Bursa Securities on 7 August 2012.

For the period ended 30 September 2013, the basic EPU was diluted as a result of the enlarged unit in circulation pursuant to the Rights Issue.

### B20. STATEMENT BY THE DIRECTORS OF THE MANAGER

In the opinion of the Board of Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by Malaysian Accounting Standard Board ("MASB") and with IAS 34: 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 AmFIRST REIT as at 30 September 2013 and of its financial performance and cash flows for the period ended as at 30 September 2013 and duly authorized for release by the Board of Directors of the Manager on 6 November 2013.