

QUILL CAPITA TRUST
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2008 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM	RM	RM	RM
TOTAL INCOME				
Gross revenue	15,599,972	12,072,171	54,443,360	31,382,290
Property operating expenses	(2,709,893)	(3,247,241)	(12,038,424)	(5,989,989)
Net property income	12,890,079	8,824,930	42,404,936	25,392,301
Interest income	123,342	243,445	454,676	809,271
	<u>13,013,421</u>	<u>9,068,375</u>	<u>42,859,612</u>	<u>26,201,572</u>
TOTAL EXPENDITURE				
Manager's fee	(1,242,325)	(859,405)	(4,220,185)	(2,479,310)
Trustee's fee	(40,907)	(28,573)	(143,850)	(82,882)
Borrowing costs	(3,100,781)	(881,033)	(8,151,289)	(3,902,434)
Valuation fees	218,000	(6,620)	(210,000)	(120,000)
Auditors' remuneration	(31,850)	(3,885)	(89,200)	(70,000)
Tax agent's fee	(5,145)	(120,000)	(8,240)	(22,530)
Administrative expenses	(80,246)	(110,708)	(621,238)	(253,069)
	<u>(4,283,254)</u>	<u>(2,010,224)</u>	<u>(13,444,002)</u>	<u>(6,930,225)</u>
Income before tax and revaluation surplus	8,730,167	7,058,151	29,415,610	19,271,347
Surplus on revaluation of investment properties	2,799,893	57,106,288	2,799,893	57,106,288
INCOME BEFORE TAX	11,530,060	64,164,439	32,215,503	76,377,635
TAXATION	-	-	-	(2,650)
INCOME AFTER TAXATION	11,530,060	64,164,439	32,215,503	76,374,985
Income After Taxation is made up of the following:				
Realised	8,730,167	7,058,151	29,415,610	19,268,697
Unrealised	2,799,893	57,106,288	2,799,893	57,106,288
EARNINGS PER UNIT (a)				
- after manager's fees (sen)	2.24	1.81	7.54	6.62
- before manager's fees (sen)	2.56	2.03	8.62	7.48
INCOME DISTRIBUTION				
-Interim distribution of income	-	-	(13,108,402)	(9,523,771)
-Provision for final distribution of income	(16,190,436)	(9,636,236)	(16,190,436)	(9,636,236)
Income distribution per unit				
Gross (sen)				
-Interim distribution of income	-	-	3.36	3.99
-Provision for final distribution of income	4.15 (b)(i)	2.47	4.15 (b)(i)	2.47
	<u>4.15</u>	<u>2.47</u>	<u>7.51 (b)(ii)</u>	<u>6.46</u>

(a) Earnings Per Unit for the current year quarter and current year cumulative quarter are computed based on Income After Taxation (excluding surplus on revaluation) for the respective periods divided by 390,131,000 units in circulation.

Earnings Per Unit for the preceding year quarter and preceding year cumulative quarter are computed based on Income After Taxation (excluding surplus from revaluation) for the respective periods divided by the weighted average number of units of 390,131,000 units and 290,968,918 units respectively, taking into consideration the issuance of 151,440,000 new units in September 2007.

(b)(i) Final distribution of 4.15 sen being the distributable income for the period 24 June 2008 to 31 December 2008 will be payable on 27 February 2009 to all unitholders as at book closure date. Please refer Note B 12 for details of distribution.

(b)(ii) The total distribution for the year is 7.51 sen per unit, of which an interim distribution of 3.36 sen being distributable income for the period 1 January 2008 to 23 June 2008 was paid on 18 July 2008.

Income distribution to resident individuals, non-resident individuals, resident institutional investors, non-resident institutional investors and non-resident companies are subject to withholding tax.

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.

QUILL CAPITA TRUST
CONDENSED CONSOLIDATED BALANCE SHEET
FOR THE QUARTER ENDED 31 DECEMBER 2008 (UNAUDITED)

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
	31.12.2008 UNAUDITED RM	31.12.2007 AUDITED RM
NON-CURRENT ASSETS		
Property, plant and equipment	12,519	10,812
Investment properties	783,700,000	549,000,000
	<u>783,712,519</u>	<u>549,010,812</u>
CURRENT ASSETS		
Trade and other receivables	4,024,410	2,583,054
Deposits with licensed financial institution	19,090,302	28,233,719
Cash and bank balances	9,186,237	5,446,753
	<u>32,300,949</u>	<u>36,263,526</u>
CURRENT LIABILITIES		
Provision for income distribution	16,190,436	9,636,236
Trade and other payables	9,965,244	4,323,250
Borrowings	187,715,080	89,860,227
	<u>213,870,760</u>	<u>103,819,713</u>
NET CURRENT LIABILITIES	(181,569,811)	(67,556,187)
NON-CURRENT LIABILITIES		
Security deposits	14,559,509	12,527,580
Borrowings	115,739,489	-
NET ASSETS	<u>471,843,710</u>	<u>468,927,045</u>
Represented by:		
UNITHOLDERS' FUND		
Unitholders' capital	411,712,067	411,712,067
Undistributed income	60,131,643	57,214,978
	<u>471,843,710</u>	<u>468,927,045</u>
NET ASSET VALUE PER UNIT (before distribution)	1.2509	1.25
NET ASSET VALUE PER UNIT (after distribution)	1.2094	1.20
NUMBER OF UNITS IN CIRCULATION	390,131,000	390,131,000

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.

QUILL CAPITA TRUST
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE QUARTER ENDED 31 DECEMBER 2008 (UNAUDITED)

	Unitholders' Capital	Distributable Income	Non distributable revaluation surplus	Total
	RM	RM	RM	RM
As at 1 January 2008	411,712,067	108,690	57,106,288	468,927,045
Net income for the period	-	29,415,610	2,799,893	32,215,503
Distribution paid on 18 July 2008	-	(13,108,402)	-	(13,108,402)
Provision for distribution	-	(16,190,436)	-	(16,190,436)
As at 31 December 2008	<u>411,712,067</u>	<u>225,462</u>	<u>59,906,181</u>	<u>471,843,710</u>

The Condensed Consolidated 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.

QUILL CAPITA TRUST
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2008 (UNAUDITED)

	CURRENT YEAR TO DATE 31.12.2008 RM	PRECEDING YEAR TO DATE 31.12.2007 RM
CASH FLOW FROM OPERATING ACTIVITIES	32,215,503	76,377,635
Income before tax		
Adjustment for:		
Interest expenses	7,547,192	3,687,897
Transaction costs & credit facility costs	604,097	214,537
Depreciation	7,465	3,268
Fair value adjustments	(2,799,893)	(57,106,288)
Interest income	(454,676)	(809,271)
Operating income before working capital changes	<u>37,119,688</u>	<u>22,367,778</u>
Receivables	(1,080,150)	1,985,990
Payables	1,644,469	2,770,557
Cash generated from operating activities	<u>37,684,007</u>	<u>27,124,325</u>
Income tax paid	-	(17,650)
Net cash generated from operating activities	<u>37,684,007</u>	<u>27,106,675</u>
 CASH FLOW FROM INVESTING ACTIVITIES		
Deposits for purchase of investment properties	-	-
Purchase of investment properties & asset enhancement costs	(229,399,236)	(215,587,040)
Purchase of property, plant & equipments	(9,172)	(14,080)
Interest received	477,180	756,646
Net cash used in investing activities	<u>(228,931,228)</u>	<u>(214,844,474)</u>
 CASH FLOW FROM FINANCING ACTIVITIES		
Distribution to unitholders	(22,744,638)	(10,702,405)
Proceeds from borrowings	282,225,546	-
Repayment of borrowings	(67,240,000)	-
Proceeds from initial public offering	-	5,199,600
Proceeds from issuance of new units	-	225,948,480
Expenses relating to issuance of new units	-	(5,436,813)
Finance costs paid	(6,397,620)	(3,590,344)
Net cash generated from financing activities	<u>185,843,288</u>	<u>211,418,518</u>
 NET MOVEMENTS IN CASH AND CASH EQUIVALENTS	<u>(5,403,933)</u>	<u>23,680,719</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>33,680,472</u>	<u>9,999,753</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>28,276,539</u>	<u>33,680,472</u>
 Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institutions	19,090,302	28,233,719
Cash and bank balances	9,186,237	5,446,753
	<u>28,276,539</u>	<u>33,680,472</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 to the interim financial statements.

QUILL CAPITA TRUST
EXPLANATORY NOTES FOR QUARTER ENDED 31 DECEMBER 2008

A1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention except for investment properties which is stated at fair value.

The financial statements comply with the applicable Financial Reporting Standards in Malaysia, provisions of the Trust Deed and the Securities Commission's Guidelines on Real Estate Investment Trusts.

A2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of QCT and its wholly-owned special purpose entities ("SPEs"). The SPEs were established for the specific purpose of raising financing on behalf of QCT for the acquisition of real estate properties and single-purpose companies. QCT does not have any direct or indirect shareholding in these entities. A SPE is consolidated if, based on an evaluation of the substance of its relationship with QCT and the SPE's risks and rewards, QCT concludes that it controls the SPE. SPEs controlled by QCT were established under terms that impose strict limitations on the decision-making powers of the SPE's management resulting in QCT receiving all of the benefits related to the SPE's operations and net assets.

A3 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2007

The audit report of the financial statements for the preceding year ended 31 December 2007 was not qualified.

A4 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of QCT are not materially affected by any seasonal or cyclical factors, except for changes in rental demand and supply of properties which depend on market conditions, economic cycle and financial performance of its tenants.

A5 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

During the current quarter under review, there were no unusual items due to their nature, size or incidence that affects the assets, liabilities, equity, net income or cash flows of QCT.

A6 CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no changes in the estimates of amounts reported during the current quarter.

A7 CHANGES IN DEBT AND EQUITY

Save as disclosed in note B9, there were no repurchase, resale and repayment of debt and equity instruments for the current quarter and year to date.

A8 INCOME DISTRIBUTION POLICY

In line with the Trust Deed dated 9 October 2006, QCT intends to distribute 100% of its distributable income for the first three financial years at least semi-annually, or at such other intervals as the Manager may determine.

A9 SEGMENT REPORTING

No segment information is prepared as QCT's activities are predominantly in one industry segment and situated predominantly in Malaysia.

A10 VALUATION OF INVESTMENT PROPERTIES

The investment properties are valued by independent registered valuers and the differences between the valuations and the book values of the respective properties are charged or credited to the Income Statement .

For the quarter and financial year ended 31 December 2008, the investment properties were valued based on valuations performed by independent registered valuers on 1 December 2008. A surplus on revaluation of RM2.8 million was credited to the Income Statement.

A11 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 31 DECEMBER 2008

Completion of acquisition of Tesco building

The acquisition of Tesco building for RM132 million, as announced on 14 May 2008, was completed on 7 November 2008.

A12 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 31 DECEMBER 2008

There were no significant events subsequent to the quarter ended 31 December 2008.

A13 CHANGES IN CONTINGENT LIABILITIES

There are no contingent liabilities to be disclosed.

A14 CAPITAL COMMITMENTS

The amount of capital commitment not provided for in the financial statements as at 31 December 2008 are as follows:

	RM
Approved and contracted for :	
Investment properties	80,599
Approved and not contracted for :	
Investment properties	279,760

B1 REVIEW OF PERFORMANCE

QCT recorded RM15.59 million and RM11.53 million of revenue and profit before tax respectively for the current quarter ended 31 December 2008. Revenue and distributable income have increased as compared with 2007 due to additional income from assets acquired during the year.

B2 COMPARISON WITH PRECEDING QUARTER

	Current Quarter ended 31 December 2008 RM	Preceding Quarter ended 30 September 2008 RM
Total Revenue	15,599,972	13,768,822
Revaluation surplus	2,799,893	-
Profit before tax	11,530,060	6,835,524
Profit after tax	11,530,060	6,835,524
Provision for income distribution	# 16,190,436	7,577,041

Total revenue for the current quarter is higher than that of the preceding quarter due mainly to revenue generated from additional asset acquired during the quarter.

Profit before tax and after tax for the current quarter is higher than the preceding quarter due partly to revaluation surplus of RM2.8 million and lower property maintenance expenses incurred in the current quarter.

Provision for income distribution of RM16,190,436 is made up of distributable income for the period from 24 June 2008 to 31 December 2008. Please refer note B12 for more information on the distribution.

B3 PROSPECTS

QCT is expected to meet the forecast DPU of 7.53 sen for FY 2009 as announced on 21 April 2008.

The Manager plans to continue to seek additional income growth and enhancement to the value of QCT's portfolio through its acquisition and growth strategies, active asset management and capital management strategies.

B4 PROFIT FORECAST / PROFIT GUARANTEE VARIANCE

a) Profit forecast

The unaudited results for the fourth quarter and for the year ended 31 December 2008 is in line with the forecast as announced on 21 April 2008 ("Forecast 2008") and is in line with the expectation of QCT save for surplus from revaluation of RM2.8 million and contribution from additional assets acquired.

b) Profit guarantee

QCT is not involved in any arrangement involving it providing profit guarantees.

B5 TAXATION

Previously, undistributed income of a REIT would be subject to income tax whereas the income distributed would be exempt from tax. With the amendment to Section 61A of the Income Tax Act 1967, effective from Year of Assessment 2007, the undistributed income of a REIT will also be exempt from income tax provided that the REIT distributes 90% or more of its total income for the year. If the REIT is unable to meet the 90% distribution criteria, the entire taxable income of the REIT for the year would be subject to income tax.

As QCT intends to distribute more than 90% of its total income for the year to its unitholders, no provision for tax has been made in the current quarter and year to date.

A reconciliation of the 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 QCT is as follows:

	Current Quarter RM	Year to date RM
Income before taxation	8,730,167	29,415,610
Taxation at Malaysian statutory tax of 26%	2,269,843	7,648,059
Expenses not deductible for tax purposes	-	-
Income exempted from tax	(2,269,843)	(7,648,059)
Underprovision of prior year tax	-	-
Write-back of over provision	-	-
Tax expense for the period	-	-

B6 PROFIT ON SALE OF INVESTMENTS IN UNQUOTED SECURITIES /PROPERTIES

There was no disposal of investments in unquoted securities during the current quarter and the year to date.

B7 PARTICULARS OF PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES

There was no purchase or disposal of investments in quoted securities during the current quarter and the year to date.

B8 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals during the current quarter and year to date.

B9 BORROWINGS AND DEBT SECURITIES**Current liabilities :****CPs**

	Current Quarter RM
Face value of CPs issued	118,000,000
Discount on CPs	(2,161,347)
Cash proceeds	115,838,653
Accretion of interest expense on CPs	328,992
	<hr/> 116,167,645
Transaction costs	(545,101)
Amortisation of transaction costs	92,536
	<hr/> 115,715,080 <hr/>
Loan drawdown from RM80 million Loan facilities	<hr/> 72,000,000
	<hr/> 187,715,080 <hr/>

Non-current liabilities:**MTNs**

Face value of MTNs issued	117,000,000
Transaction costs	(1,350,548)
	<hr/> 115,649,452
Amortisation of transaction costs	90,037
	<hr/> 115,739,489 <hr/>

a Commercial Papers ("CPs") / Medium Term Notes ("MTNs") programmes ("CPs/MTNs Programme")**(i) CPs/MTNs Programme of up to RM118 million ("RM118 million Programme")**

On 3 November 2006, QCT has through its SPE, Gandalf Capital Sdn. Bhd., established a 7 year RM118 million CPs/MTNs Programme ("RM118 million Programme") to raise funds from the private debt securities market to part finance acquisitions of its investment properties.

On 1 December 2006, CPs of nominal value of RM91.9 million were issued to raise net proceeds of RM90.1 million.

The effective interest rate on the said RM91.9 million CPs is 3.995% p.a. until 30 November 2011, resulting from IRS arrangement as disclosed in Note B10.

On 14 March 2008, CPs of nominal value of RM24 million were issued. The effective interest rate of the CPs issued is 4.14% with effect from 15 December 2008 to 30 November 2011 due to the IRS arrangement as disclosed in Note B10.

On 15 December 2008, CPs of nominal value of RM2.1 million were issued. The effective interest rate on the CPs issued is 4.14 % p.a due to the IRS arrangements as disclosed in Note B 10.

With the issuance of CPs of RM2.1 million on 15 December 2008, the RM118 million CPs/MTNs Programme has been fully subscribed.

The Manager is of the opinion that the CPs/MTNs will be available throughout the period of the RM118 million Programme.

B9 BORROWING AND DEBT SECURITIES (cont'd)

(ii) CP/MTN Programme of up to RM134 million ("RM134 million Programme")

On 30 July 2008, QCT through its SPE , Boromir Capital Sdn Bhd ("Boromir") , established a 7 year CP/MTN Programme of up to RM134 million ("RM134 million Programme").

On 15 September 2008, RM64 million of MTNs were issued . The interest rate is at 5.2% p.a for 5 years till year 2013 and thereafter at 6.2% p.a until year 2015. The effective interest rate is 4.21% p.a due to IRS arrangements as disclosed in note B10.

On 7 November 2008, MTNs of RM45 million was issued to part finance the acquisition of Tesco building at interest rate of 5.2%.

On 9 December 2008, RM8 million of MTNs were issued at interest rate of 5% p.a.

The Manager is of the opinion that the CPs/MTNs will be available throughout the period of the RM134 million Programme.

b Loan Facilities

RM80 million Loan Facilities

On 16 October 2008, QCT obtained loan facilities totalling RM80 million ("RM80 million Loan Facilities ") with RM40 million each from HwangDBS Investment Bankers Berhad ("HDBS") and Aseambankers Malaysia Berhad ("Aseam").

The average interest rate on the Loan Facilities is 5.225% .

B10 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Other than as disclosed below, QCT has no financial instruments with off balance sheet risks as at the date of issuance of this report that may materially affect the position or business of QCT.

As part of the active interest rate management strategy of QCT, the following Interest Rate Swap ("IRS") arrangements have been entered into :

- (i) On 18 April 2007, an IRS arrangement swapping floating rate for fixed rate for RM90 million was entered into by the Manager with a licensed financial institution (the " Bank") whereby QCT will pay a fixed rate of 3.745% p.a to the Bank whilst the Bank will pay a floating rate to QCT ("IRS No. 1"). IRS No. 1 commenced on 31 May 2007 and will mature in November 2011.
- (ii) On 15 September 2008, an IRS arrangement swapping fixed rate for floating rate for RM64 million was entered into by the Manager with the Bank whereby QCT will pay a floating rate to the Bank whilst the Bank will pay a fixed rate of 5.2% p.a to QCT ("IRS No.2"). IRS No.2 commenced on 15 September 2008 and will mature in September 2013.
- (iii) On 10 October 2008, an IRS arrangement swapping floating rate for fixed rate for RM25.5 million was entered into by the Manager with the Bank whereby QCT will pay a fixed rate of 3.89% p.a to the Bank whilst the Bank will pay a floating rate to QCT ("IRS No.3") . IRS No.3 commenced on 15 December 2008 and will mature in November 2011.

The differences between the floating rate and the fixed rate of the respective IRSs will be settled between QCT and the Bank semi-annually, and are charged or credited to the income statement over the 6 month period.

- (iv) On 5 November 2008, an IRS arrangement swapping floating rate for fixed rate for RM64 million was entered into by the Manager whereby QCT will pay a fixed rate of 4.36% p.a to the Bank whilst the Bank will pay a floating rate to QCT ("IRS No.4"). IRS No. 4 will commence on 16 March 2009.

B11 CHANGES IN MATERIAL LITIGATION

There is no pending material litigation as at the date of issuance of this report.

B12 INCOME DISTRIBUTION

In line with the Trust Deed dated 9 October 2006, for the first three financial years from 2006 to 2008, QCT intends to distribute 100% of its distributable income at least semi-annually, or at such other intervals as the Manager may determine.

Interim distribution of RM13,108,402 or 3.36 sen per unit being the distributable income for the period 1 January 2008 to 23 June 2008 was paid on 18 July 2008.

Provision for final income distribution of RM16,190,436 or 4.15 sen per unit, being distributable income of QCT for the period 24 June 2008 to 31 December 2008 has been made in the unaudited results for the financial year ended 31 December 2008 and will be payable on 27 February 2009.

Total gross distribution relating to the distributable income from the financial year ended 31 December 2008 amounted to RM29,298,838 or 7.51 sen per unit, representing 99.6 % of the total distributable income of QCT for the financial year ended 31 December 2008.

Details of the final income distribution are as follows:

	RM	
Gross revenue from 1.1.08 to 31.12.08	54,443,360	
Interest income from 1.1.08 to 31.12.08	<u>454,676</u>	
	54,898,036	
Expenses from 1.1.08 to 31.12.08	<u>(25,482,426)</u>	
Total distributable income for the period 1.1.08 to 31.12.08	29,415,610	
Less: Interim distribution of 3.36 sen per unit paid on 18.7.08	(13,108,402) A	
Balance available for final distribution	<u>16,307,208</u>	
Provision for distribution of income	16,190,436 B	
of which :		
Taxable distributable income	16,033,096	4.11 sen per unit
Tax exempt distributable income	<u>157,340</u>	<u>0.04 sen per unit</u>
	<u>16,190,436</u>	<u>4.15 sen per unit</u>
No. of units as at 31 December 2008	390,131,000	
Final Gross Distribution Per Unit (DPU) * (sen)	4.15	
Total distribution for the year =A+B (RM)	29,298,838	
Total distribution for the year (sen)	7.51	

* Income distribution to resident individuals, non-resident individuals, resident institutional investors, non-resident institutional investors and non-resident companies are subject to withholding tax. The applicable tax rates for income distribution payable in the year 2009 are :

Resident and non-resident individuals	10%
Resident and non-resident institutional investors	10%
Resident companies	0%
Non -resident companies	25%

B13 AUTHORISATION FOR ISSUE

The unaudited financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of directors dated 22 January 2009.

BY ORDER OF THE BOARD

LEE FONG YONG
COMPANY SECRETARY (MAICSA No. 7005956)
Quill Capita Management Sdn Bhd
(Company No: 737252-X)
(As Manager of Quill Capita Trust)
Kuala Lumpur

Dated : 22 January 2009