

QUILL CAPITA TRUST  
CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE QUARTER ENDED 31 MARCH 2010 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter 31.03.2010	Quarter 31.03.2009	To Date 31.03.2010	To Date 31.03.2009
	RM	RM	RM	RM
<b>TOTAL INCOME</b>				
Gross revenue	17,186,862	16,916,285	17,186,862	16,916,285
Property operating expenses	(4,175,179)	(3,938,821)	(4,175,179)	(3,938,821)
Net property income	13,011,683	12,977,464	13,011,683	12,977,464
Interest income	98,008	126,799	98,008	126,799
Gain from re-measurement of derivatives (a)	436,317	-	436,317	-
	<u>13,546,008</u>	<u>13,104,263</u>	<u>13,546,008</u>	<u>13,104,263</u>
<b>TOTAL EXPENDITURE</b>				
Manager's fee	(1,258,328)	(1,263,640)	(1,258,328)	(1,263,640)
Trustee's fee	(61,502)	(60,798)	(61,502)	(60,798)
Borrowing costs	(3,581,872)	(3,721,942)	(3,581,872)	(3,721,942)
Valuation fees	(172,500)	(172,500)	(172,500)	(172,500)
Auditors' remuneration	(35,003)	(29,100)	(35,003)	(29,100)
Tax agent's fee	(4,728)	(5,145)	(4,728)	(5,145)
Administrative expenses	(517,699)	(497,699)	(517,699)	(497,699)
	<u>(5,631,632)</u>	<u>(5,750,824)</u>	<u>(5,631,632)</u>	<u>(5,750,824)</u>
<b>INCOME BEFORE TAXATION</b>	<u>7,914,376</u>	<u>7,353,439</u>	<u>7,914,376</u>	<u>7,353,439</u>
<b>TAXATION</b>	-	-	-	-
<b>INCOME AFTER TAXATION</b>	<u>7,914,376</u>	<u>7,353,439</u>	<u>7,914,376</u>	<u>7,353,439</u>
<b>Income After Taxation is made up of the following:</b>				
Realised	7,478,059	7,353,439	7,478,059	7,353,439
Unrealised	436,317	-	436,317	-
<b>EARNINGS PER UNIT (b)</b>				
- after manager's fees (sen)	2.03	1.88	2.03	1.88
- before manager's fees (sen)	2.35	2.21	2.35	2.21
<b>EARNINGS PER UNIT (REALISED) (c)</b>				
- after manager's fees (sen)	1.92	1.88	1.92	1.88
- before manager's fees (sen)	2.24	2.21	2.24	2.21

(a) This relates to the gain/(loss) on the re-measurement of the fair values of interest rate swaps ("IRs").

(b) Earnings Per Unit is computed based on Income After Taxation for the period divided by 390,131,000 units in circulation during the quarter.

(c) Earnings Per Unit (Realised) is computed based on Realised Income After Taxation for the period divided by 390,131,000 units in circulation during the quarter.

The Condensed Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

**QUILL CAPITA TRUST**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**FOR THE QUARTER ENDED 31 MARCH 2010 (UNAUDITED)**

	<b>AS AT END OF CURRENT QUARTER 31.03.2010 UNAUDITED RM</b>	<b>AS AT PRECEDING FINANCIAL YEAR END 31.12.2009 AUDITED RM</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,491	5,163
Investment properties	788,390,102	788,400,000
	<u>788,393,593</u>	<u>788,405,163</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	5,147,337	3,716,683
Deposits with licensed financial institution	9,290,949	18,011,421
Cash and bank balances	8,231,467	8,032,466
	<u>22,669,753</u>	<u>29,760,570</u>
<b>CURRENT LIABILITIES</b>		
Provision for income distribution	7,478,059	15,215,110
Trade and other payables	8,241,287	8,655,672
Borrowings	117,155,754	116,422,680
Security deposits	229,018	159,050
	<u>133,104,118</u>	<u>140,452,512</u>
<b>NET CURRENT LIABILITIES</b>	(110,434,365)	(110,691,942)
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	188,292,823	188,224,309
Security deposits	14,677,109	14,499,616
Derivative liabilities (i)	3,681,749	-
	<u>206,651,681</u>	<u>202,723,925</u>
<b>NET ASSETS</b>	<u>471,307,547</u>	<u>474,989,296</u>
Represented by:		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	411,712,067	411,712,067
Undistributed income	59,595,480	63,277,229
	<u>471,307,547</u>	<u>474,989,296</u>
<b>NET ASSET VALUE PER UNIT ( before provision for distribution )</b>	1.2272	1.2565
<b>NET ASSET VALUE PER UNIT ( after provision for distribution )</b>	1.2081	1.2175
<b>NET ASSET VALUE PER UNIT (adjusted for effect of adoption of FRS 139)</b>	1.2081	1.2070
<b>NUMBER OF UNITS IN CIRCULATION</b>	390,131,000	390,131,000

(i) These relate to the fair values of the IRSs ( note 13).

The Condensed Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

**QUILL CAPITA TRUST**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE QUARTER ENDED 31 MARCH 2010 (UNAUDITED)**

	Unitholders' Capital	Distributable Income	Non distributable revaluation surplus	Non distributable Derivative gain/Loss	Total
	RM	RM	RM	RM	RM
As at 1 January 2010 (as previously stated)	411,712,067	2,679,395	60,597,834	-	474,989,296
Adjustments on recognition of derivatives (effect on adoption of FRS 139)	-	-	-	(4,118,066)	(4,118,066)
As at 1 January 2010 (as restated)	411,712,067	2,679,395	60,597,834	(4,118,066)	470,871,230
Net income for the period	-	7,478,059	-	436,317	7,914,376
Provision for distribution	-	(7,478,059)	-	-	(7,478,059)
As at 31 March 2010	411,712,067	2,679,395	60,597,834	(3,681,749)	471,307,547

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 2009 and the accompanying explanatory notes attached to the financial statements.

**QUILL CAPITA TRUST**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 31 MARCH 2010 (UNAUDITED)**

	<b>CURRENT YEAR TO DATE 31.03.2010 RM</b>	<b>PRECEDING YEAR TO DATE 31.03.2009 RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before tax	7,914,376	7,353,439
Adjustments for:		
Interest expenses	3,369,123	3,446,393
Transaction costs & credit facility costs	212,749	175,550
Gain from re-measurement of derivatives	(436,317)	-
Depreciation	1,672	2,342
Interest income	(98,008)	(126,799)
Operating income before working capital changes	<u>10,963,595</u>	<u>10,850,925</u>
Receivables	(1,861,409)	(1,332,500)
Payables	933,054	(2,180,454)
Cash generated from operating activities	<u>10,035,240</u>	<u>7,337,971</u>
Income tax paid	-	-
Net cash generated from operating activities	<u>10,035,240</u>	<u>7,337,971</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investment properties & asset enhancement costs	-	(6,353)
Interest received	106,960	150,775
Net cash generated from /(used in) investing activities	<u>106,960</u>	<u>144,422</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Distribution to unitholders	(15,215,110)	(16,190,436)
Proceeds from borrowings	-	-
Finance costs paid	(3,448,561)	(2,170,523)
Net cash (used in) /generated from financing activities	<u>(18,663,671)</u>	<u>(18,360,959)</u>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<u>(8,521,471)</u>	<u>(10,878,566)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>26,043,887</u>	<u>28,435,923</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>17,522,416</u>	<u>17,557,357</u>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institutions	9,290,949	18,011,421
Cash and bank balances	<u>8,231,467</u>	<u>8,032,466</u>
	<u>17,522,416</u>	<u>26,043,887</u>

The Condensed Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes to the financial statements.

**QUILL CAPITA TRUST**  
**EXPLANATORY NOTES FOR QUARTER ENDED 31 MARCH 2010**

**A1 BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention except for investment properties and derivative financial instruments which are 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 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 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 CHANGES IN ACCOUNTING POLICIES**

On 1 January 2010, QCT adopted, where applicable, the following FRSs, Amendments to FRSs and IC Interpretations mandatory for financial periods beginning on or after 1 July 2009 and 1 January 2010:

FRS 8: Operating Segments

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interacti

### **A3 CHANGES IN ACCOUNTING POLICIES (cont'd)**

The adoption of the above FRSs, Amendments to FRSs and IC Interpretations does not impact significantly the financial results of QCT. FRSs affecting the accounting policies of QCT are as set out below:

(a) FRS 7: Financial Instruments: Disclosures

This Standard requires new disclosures in relation to financial instruments, both quantitative and qualitative of the QCT's exposure to risks, enhanced disclosure regarding components of the QCT's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

(b) FRS 139: Financial Instruments: Recognition and Measurement

*Derivatives*

Prior to adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, the derivative contracts are now categorised as fair value through profit and loss and measured at their fair values with the gain and loss recognised in the income statement. QCT did not account for any derivative contract under hedge accounting.

*Impairment of trade and other receivables*

Prior to the adoption of FRS 139, an allowance for doubtful debts will be made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions for FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

### **A4 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2009**

The audit report of the financial statements for the preceding year ended 31 December 2009 was not qualified.

### **A5 SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business operations of QCT may be affected by seasonal or cyclical factors, including but not limited to changes in rental demand and supply of properties which depend on market conditions, economic cycle, financial performance of its tenants, availability of credit facilities and interest rate environment.

### **A6 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.

### **A7 CHANGES IN ESTIMATES OF AMOUNTS REPORTED**

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

#### **A8 CHANGES IN DEBT AND EQUITY**

Save as disclosed in note B12, there were no repurchase, resale and repayment of debt and equity instruments for the current quarter and period to date.

#### **A9 INCOME DISTRIBUTION POLICY**

In line with the Trust Deed dated 9 October 2006, effective from financial year 2009, QCT intends to distribute at least 90% of its distributable income at least semi-annually or at such other intervals as the manager may determine.

#### **A10 SEGMENT REPORTING**

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

#### **A11 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.

There were no revaluations on the investment properties for the quarter ended 31 March 2010.

#### **A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 31 MARCH 2010**

There were no significant events during the quarter ended 31 March 2010.

#### **A13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 31 MARCH 2010**

There were no significant events subsequent to the quarter ended 31 March 2010.

#### **A14 CHANGES IN CONTINGENT LIABILITIES**

There are no contingent liabilities to be disclosed.

#### **A15 CAPITAL COMMITMENTS**

There were no capital commitment as at 31 March 2010.

## **B1 REVIEW OF PERFORMANCE**

### **Quarter and year todate results**

QCT recorded total revenue of RM17.19million and property operating expenses of RM 4.18 million respectively for the current quarter ended 31 March 2010. Realised income after taxation of RM7.48 million was achieved. Borrowing costs of RM3.58 million and manager' s fee of RM1.26 million were incurred during the quarter. Unrealised gain of RM436,317 arising from the net changes in fair values of the IRSs (see Note 13) as a result of the application of FRS139 with effect from 1 January 2010.

As compared with the preceding year corresponding quarter, the revenue is slightly higher due mainly to increase in rental rates of some properties. The income before and after tax is higher due mainly to the increase in income contribution from the properties, lower borrowing costs, and gain from net changes in the fair values of IRSs during the quarter.

The realised income after tax of RM7.48 million is lower than the immediate preceding quarter due mainly to lower property operating expenses and write- back of unutilised expenses during the immediate preceding quarter.

The performance of QCT for the quarter ended 31 March 2010 is in line with the investment objective of QCT.

## **B2 INVESTMENT OBJECTIVES AND STRATEGIES**

The investment objective of QCT is to acquire and invest in commercial properties primarily in Malaysia with a view to provide long-term growth and sustainable distribution of income to unitholders and to achieve long-term growth in the net asset value per unit. There has been no change in the investment objective of QCT since the date of QCT's Annual Report 2009.

The Manager will continue to focus on its portfolio management and acquisition growth strategy, active asset management strategy and capital management strategy to achieve the investment objective of QCT. There has been no change in the strategies employed by the Manager since the date of QCT's Annual Report 2009 as they still remain relevant in the current market conditions.

## **B3 PROSPECTS**

With the economy expected to recover, QCT will continue to focus on tenant retention, capital management and cost efficiency measures in the coming year in order to achieve sustainable income distribution.

## **B4 REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to QCT and the revenue can be reliably measured.

Revenues from the rental of investment properties, service charges, car park income and utilities recovery are recognised on an accrual basis.



## B5 PROFIT FORECAST / PROFIT GUARANTEE VARIANCE

### a) Profit forecast

There has been no profit forecast issued by QCT for the financial year 2010.

### b) Profit guarantee

QCT is not involved in any arrangement whereby it provides profit guarantee.

## B6 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 at least 90% of its total income for the year to its unitholders, no provision for tax has been made in the current quarter.

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	7,914,376	7,914,376
Taxation at Malaysian statutory tax rate of 25%	1,978,594	1,978,594
Expenses not deductible for tax purposes	-	-
Income exempted from tax	(1,978,594)	(1,978,594)
Underprovision of prior year tax	-	-
Write-back of over provision	-	-
Tax expense for the period	-	-

**B7 PROFIT ON SALE OF INVESTMENTS IN UNQUOTED SECURITIES /PROPERTIES**

There were no disposal of investments in unquoted securities /properties during the current quarter and the period

**B8 PARTICULARS OF PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES**

There were no purchase or disposal of investments in quoted securities during the current quarter and the period to

**B9 STATUS OF CORPORATE PROPOSALS**

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

**B10 UTILISATION OF PROCEEDS RAISED FROM ANY NEW ISSUANCE**

There were no issuance of new units during the quarter and year to-date.

**B11 COMPOSITION OF INVESTMENT PORTFOLIO AS AT 31 MARCH 2010**

As at 31 March 2010, QCT's portfolio comprised of ten commercial buildings as follows:

Investment properties	Cost of Investment RM	Market Value as at 31 March 2010 RM	Market value as % of NAV
1 QB1 -DHL 1 & QB 4-DHL2	109,100,000	121,000,000	25.67%
2 QB 2- HSBC	107,500,000	114,350,000	24.26%
3 QB 3- BMW	59,400,000	70,000,000	14.85%
4 Wisma Technip	125,000,000	146,490,102	31.08%
5 Part of Plaza Mont' Kiara	90,000,000	106,000,000	22.49%
6 QB5- IBM	43,000,000	42,700,000	9.06%
7 QB 8 -DHL XPJ	28,800,000	27,500,000	5.83%
8 QB10-HSBC Section 13	22,740,000	25,850,000	5.48%
9 Tesco Building Penang	132,000,000	134,500,000	28.54%
	<u>717,540,000</u>	<u>788,390,102</u>	

There were no changes to the total number of commercial buildings held by QCT since the preceding financial year ended 31 December 2009.

There were no major capital expenditure incurred during the quarter. Maintenance costs were normal expenses incurred for the upkeep of the buildings.

## B12 BORROWINGS AND DEBT SECURITIES

### Current liabilities :

	As at end of current quarter ended 31 March 2010
<b><u>CPs</u></b>	
	RM
Face value of CPs issued	118,000,000
Discount on CPs	(1,435,656)
Cash proceeds	116,564,344
Accretion of interest expense on CPs	928,303
	117,492,647
Transaction costs c/f	(360,027)
Amortisation of transaction costs during the period	23,134
	117,155,754

### Non-current liabilities:

#### MTNs

Face value of MTNs issued	117,000,000
Transaction costs c/f	(985,773)
	116,014,227
Amortisation of transaction costs during the period	68,514
	116,082,741
Loan drawdown from 5-year RM80 million Financing Facilities	72,210,082
	188,292,823

### a Commercial Papers ("CPs") / Medium Term Notes ("MTNs") Programmes ("CPs/MTNs Programme")

#### (i) CP/MTN 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.

Todate, the full RM118 million Programme has been issued, as follows:

- On 1 December 2006, CPs of nominal value of RM91.9 million were issued. The effective interest rate on the CPs is 3.995 % p.a until 30 November 2011, resulting from the IRS arrangement as disclosed in Note B13.
- On 14 March 2008, CPs of nominal value of RM24 million were issued. The effective interest rate is 4.14% p.a from 15 December 2008 to 30 November 2011 due to the IRS arrangement as disclosed in Note B13.
- On 15 December 2008, CPs of nominal value of RM2.1 million were issued. The effective interest rate is 4.14% p.a due to the IRS arrangement as disclosed in Note B13.

## B12 BORROWINGS AND DEBT SECURITIES (cont'd)

### a Commercial Papers ("CPs")/Medium Term Notes ("MTNs") Programmes ("CPs/MTNs Programme") (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").

In 2008, MTNs totalling RM117 million were issued to finance certain investment properties of QCT, as follows:

- On 15 September 2008, RM64 million of the MTNs were issued at interest rate of 5.2% p.a for 5 years till year 2013. The effective interest rate is 4.36 % p.a due to the IRS arrangements as disclosed in note B13.
- On 7 November 2008, MTNs of RM45 million were issued for 5 years to 2013 at interest rate of 5.2% p.a.
- On 9 December 2008, RM8 million of MTNs were issued for 2 years to 2010 at interest rate of 5% p.a.

There were no issuance of MTNs in the current quarter and period to date from the balance RM17 million of the RM134 million Programme.

### b Loan Facility

#### RM80 million 5-year financing facilities from Great Eastern Life Assurance (Malaysia) Berhad ("GE") and Alliance Bank Berhad ("Alliance") ("5-year RM80 million Financing Facilities")

On 29 June 2009, QCT through its SPE, Samwise Capital Sdn. Bhd., entered into a facility agreement with GE and Alliance for financing facilities of RM80 million for five years.

The facilities, which include fixed and floating rate tranches, were drawdown in November 2009.

The average interest rate for the facilities is 4.73% p.a.

## B13 DERIVATIVE FINANCIAL INSTRUMENTS

As part of the active interest rate management strategy of QCT, the following Interest Rate Swap ("IRS") arrangements have been entered into and are still in place as at the reporting date :

- (i) On 18 April 2007, an IRS arrangement swapping floating rate for fixed rate for a notional amount of RM90 million ("IRS No.1") was entered into in relation to the RM91.9 million nominal value CPs issued by the Manager with a financial institution (the "Bank"). Pursuant to IRS No.1, 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 commenced on 31 May 2007 and will mature on 30 November 2011.
- (ii) On 15 September 2008, an IRS arrangement swapping fixed rate for floating rate for a notional amount of RM64 million ("IRS No.2") was entered into in relation to the RM64 million nominal value MTNs issued by the Manager with the Bank. Pursuant to IRS No. 2, 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 commenced on 15 September 2008 and will mature on 30 September 2013.
- (iii) On 10 October 2008, an IRS arrangement swapping floating rate for fixed rate for a notional amount of RM25.5 million ("IRS No.3") was entered into in relation to the RM26.1 million nominal value CPs issued by the Manager with the Bank. Pursuant to IRS No. 3, 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 commenced on 15 December 2008 and will mature on 30 November 2011.

### B13 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

- (iv) On 5 November 2008, an IRS arrangement swapping floating rate for fixed rate for a notional amount of RM64 million (IRS No.4) was entered into in relation to the RM64 million nominal values of MTNs issued by the Manager with the Bank. Pursuant to IRS No.4, 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 commenced on 16 March 2009 and will mature on 16 September 2013.

The differences between the floating rate and the fixed rate of the respective IRSs are settled between QCT and the Bank semi-annually and are charged or credited to the income statement accordingly.

The risk associated with the IRSs above would be credit risk, which is the counterparty risk of the financial institutions with whom the IRSs were contracted. However, the Manager has taken precaution to mitigate this risk by entering the IRSs contracts with reputable licensed financial institutions.

Hedge accounting is not applied and the changes in fair values of the IRSs are recognised in the income statement.

The gain /(loss) of RM436,317 arising from changes in the fair values of the IRSs were derived as follows:

	Fair value as at 31/12/09 RM (A)	Fair value as at 31/03/10 RM (B)	Gain/(Loss) RM (C) = (B)-(A)
IRS No.1	(1,705,582.00)	(1,461,526.00)	244,056.00
IRS No.2	(2,825,748.40)	(2,494,742.42)	331,005.98
IRS No.3	(540,665.00)	(474,484.00)	66,181.00
IRS No.4	953,929.10	749,003.15	(204,925.95)
	<u>(4,118,066.30)</u>	<u>(3,681,749.27)</u>	<u>436,317.03</u>

The maturity analysis of the IRSs as at 31 March 2010 are as shown below:

	Notional value RM
- less than 1 year	-
- 1 to 3 years	115,500,000
- more than 3 years	64,000,000

### B14 CHANGES IN MATERIAL LITIGATION

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

## B15 INCOME DISTRIBUTION

The distribution policy of QCT is to distribute at least 90% of its distributable income at least semi-annually or at such other intervals as the Manager may determine.

A final income distribution of RM15,215,110 or 3.90 sen per unit, being income distribution relating to the period 1 July 2009 to 31 December 2009 was paid on 25 February 2010.

There is no distribution of income relating to the quarter ended 31 March 2010. However, a provision for income distribution of RM7,478,059 being 100% of the realised income after taxation for the quarter has been made.

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

Resident and non-resident individuals	10%
Resident and non-resident institutional investors	10%
Resident companies (flow through)	0%
Non -resident companies	25%

## B16 CHANGES IN NAV AND MARKET PRICE SINCE THE LAST REPORTING DATE

	As at 31 March 2010	As at 31 December 2009	As at 31 December 2009 (Adjusted)**
NAV (RM)	471,307,547	474,989,296	470,871,230
Number of units in circulation (unit)	390,131,000	390,131,000	390,131,000
NAV per unit (RM) ( after provision for distribution)	1.2081	1.2175	1.2070
Market price (RM)	1.05	1.08	NA

\*\* Adjusted for effect of adoption of FRS139.

NAV per unit is arrived at by dividing the NAV with the number of units in circulation as at the date of reporting.

The decrease in NAV is due mainly to the adjustments to recognise the fair values of the IRSs in the balance sheet effective 1 January 2010.

The Manager believes that the movement in market price is due mainly to changes in market sentiment.

## B17 MANAGER'S FEE AND SOFT COMMISSION

Pursuant to the Trust Deed, the Manager is entitled to receive from QCT the following fees:

- (i) Base fee of 0.4% per annum of the gross asset value, payable monthly in arrears;
- (ii) Performance fee of 3% per annum on the net investment income, payable semi-annually in arrears. However, for the first five years after the date of listing 8 January 2007, no performance fee shall be payable in the event that QCT fails to achieve a minimum annualised distributable income per unit of 6 sen (after deducting performance fee);
- (iii) Acquisition fee of 1% of the acquisition value of any asset, being authorised investments, acquired by QCT; and
- (iv) Divestment fee of 0.5% of the disposal value of any asset divested by QCT.

Total fees accrued to the Manager ( inclusive of 5% service tax) for the quarter ended 31 March 2010 are :

	RM
Base management fee	857,474
Performance fee	400,854
	<u>1,258,328</u>

There were no other fees paid to the Manager save as disclosed above.

During the quarter, the Manager did not receive any soft commission from its brokers/dealers by virtue of transactions conducted for QCT.

## B18 TRUSTEE'S FEE

Trustee's fee is payable to Mayban Trustees Berhad ("Trustee"), which is computed at 0.03% per annum on the first RM2.5 billion gross asset value and 0.02% per annum on the gross asset value in excess of RM2.5 billion, payable monthly in arrears.

Trustee's fee (inclusive of 5% service tax) accrued to the Trustee for the quarter amounted to RM61,502.

## B19 UNITHOLDINGS BY THE MANAGER

As at 31 March 2010, the Manager did not hold any units in QCT.

## B20 UNITHOLDINGS BY PARTIES RELATED TO THE MANAGER

	No. of units	Percentage of total units	Market Value as at 31 March 2010 RM
HDM Nominees (Tempatan) Sdn. Bhd. for :			
-Quill Properties Sdn. Bhd.	45,997,000	11.79%	48,296,850
-Quill Land Sdn. Bhd.	48,767,000	12.50%	51,205,350
-Quill Estates Sdn. Bhd.	22,276,000	5.71%	23,389,800
HSBC Nominees (Asing) Sdn. Bhd. for CapitaCommercial Trust	117,040,000	30.00%	122,892,000
	<u>234,080,000</u>	60.00%	245,784,000

## B20 UNITHOLDINGS BY PARTIES RELATED TO THE MANAGER (cont'd)

The Manager's directors' direct unitholding in QCT:

	No. of units	Percentage of total units	Market Value as at 31 March 2010 RM
Dato' Dr. Low Moi Ing, J.P	50,000	0.01%	52,500
Dato' Michael Ong Leng Chun	50,000	0.01%	52,500
Datuk Hj Abdul Karim Bin Abu Bakar	1,000	0.00%	1,050
Datuk Dr. Mohamed Arif Bin Nun	50,000	0.01%	52,500
Aw Hong Boo	50,000	0.01%	52,500

The Manager's directors' indirect unitholding in QCT:

	No. of units	Percentage of total units	Market Value as at 31 March 2010 RM
Dato' Dr. Low Moi Ing, J.P	117,040,000 (a)	30.00%	122,892,000
Dato' Michael Ong Leng Chun	117,050,000 (b)	30.00%	122,902,500

(a) Deemed interested by virtue of her direct shareholding in Quill Properties Sdn. Bhd., Quill Land Sdn. Bhd. and Quill Estates Sdn. Bhd.

(b) Deemed interested by virtue of his direct shareholding in Quill Properties Sdn. Bhd., Quill Land Sdn. Bhd., Quill Estates Sdn. Bhd., and units held by his parent pursuant to Section 6(A) of the Companies Act, 1965.

The market value of the units is computed based on the closing price as of 31 March 2010 of RM1.05 per unit.

## B21 RESPONSIBILITY STATEMENT AND STATEMENT BY THE DIRECTORS OF THE MANAGER

The Manager is responsible for the preparation of the quarterly report.

In the opinion of the directors of the Manager, the quarterly report has been prepared in accordance with FRS 134: Interim Financial reporting and Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of QCT as at 31 March 2010 and of its financial performance and cash flows for the quarter ended on that date and duly authorised for release by the Board of the Manager on 20 April 2010.

### 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**

**Date: 20 April 2010**