

AL-HADHARAH BOUSTEAD REIT
UNAUDITED CONDENSED INCOME STATEMENT

For the quarter ended 30 June 2008	Current period		Cumulative Period	
	2008	Restated 2007	2008	Restated 2007
	RM'000	RM'000	RM'000	RM'000
Rental income				
- fixed	10,398	8,728	20,796	17,457
- performance-based (unrealised)	7,100	4,491	15,500	4,962
	<u>17,498</u>	<u>13,219</u>	<u>36,296</u>	<u>22,419</u>
Plantation operating expenses	(428)	(37)	(760)	(600)
	<u>17,070</u>	<u>13,182</u>	<u>35,536</u>	<u>21,819</u>
Dividend income	21	-	26	-
Profit earned from deposits	34	99	120	276
Net realised gain on disposal of investment in quoted securities	43	-	43	-
	<u>17,168</u>	<u>13,281</u>	<u>35,725</u>	<u>22,095</u>
Other expenses	(633)	(340)	(1,305)	(709)
	<u>16,535</u>	<u>12,941</u>	<u>34,420</u>	<u>21,386</u>
Unrealised losses on valuation of investment in quoted securities	(203)	-	(774)	-
Net income before taxation	<u>16,332</u>	<u>12,941</u>	<u>33,646</u>	<u>21,386</u>
Taxation	-	-	-	-
Net income after taxation	<u>16,332</u>	<u>12,941</u>	<u>33,646</u>	<u>21,386</u>
Earnings per unit (sen)	3.46	3.23	7.13	5.34
Proposed distribution per unit (sen)	3.69	3.69	3.69	3.69
Net income after taxation for the period is made up as follows:				
Realised	9,435	8,450	18,920	16,424
Unrealised	6,897	4,491	14,726	4,962
	<u>16,332</u>	<u>12,941</u>	<u>33,646</u>	<u>21,386</u>

The Unaudited Condensed Income Statement should be read in conjunction with the audited financial statements for the period ended 31 December 2007.

**AL-HADHARAH BOUSTEAD REIT
UNAUDITED CONDENSED BALANCE SHEET**

As at 30 June 2008	Restated Audited 31 December	
	2008	2007
	RM'000	RM'000
ASSETS		
Investment properties	482,923	479,816
Investment in quoted securities	4,952	3,198
Receivables	16,157	17,099
Deposits with financial institution	11,313	17,707
Cash and bank balances	11	14
TOTAL ASSETS	515,356	517,834
LIABILITIES		
Payables	6,062	8,107
Provision for distribution	17,417	34,079
TOTAL LIABILITIES	23,479	42,186
NET ASSET VALUE	491,877	475,648
UNITHOLDERS' FUND		
Unitholders' capital	472,181	472,181
Undistributed income	19,696	3,467
TOTAL UNITHOLDERS' FUND	491,877	475,648
UNITS IN CIRCULATION ('000)	472,001	472,001
NET ASSET VALUE (NAV) PER UNIT (RM)	1.04	1.01

The Unaudited Condensed Balance Sheet should be read in conjunction with the audited financial statements for the period ended 31 December 2007.

AL-HADHARAH BOUSTEAD REIT
UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

For the quarter ended 30 June 2008	Unitholders' Capital	Undistributed income		Unitholders' Fund
	RM'000	Realised	Unrealised	RM'000
	RM'000	RM'000	RM'000	RM'000
At 1 January 2008				
As previously stated	472,181	979	(23)	473,137
Reclassification of replanting expenditure	-	2,511	-	2,511
At 1 January 2008 (restated)	<u>472,181</u>	<u>3,490</u>	<u>(23)</u>	<u>475,648</u>
Net income for the period	-	18,920	14,726	33,646
Distribution to unitholders	-	(17,417)	-	(17,417)
At 30 June 2008	<u>472,181</u>	<u>4,993</u>	<u>14,703</u>	<u>491,877</u>
At 11 December 2006 (date of establishment)	1	-	-	1
Issuance of units	409,930	-	-	409,930
Listing expenses	(9,500)	-	-	(9,500)
Net income for the period	-	15,404	-	15,404
Distribution to unitholders	-	(14,769)	-	(14,769)
At 30 June 2007	<u>400,431</u>	<u>635</u>	<u>-</u>	<u>401,066</u>
At 30 June 2007				
As previously stated	400,431	635	-	401,066
Reclassification of replanting expenditure	-	1,020	-	1,020
Accrual of performance-based profit sharing	-	-	4,962	4,962
At 30 June 2007 (restated)	<u>400,431</u>	<u>1,655</u>	<u>4,962</u>	<u>407,048</u>

The Unaudited Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the period ended 31 December 2007.

AL-HADHARAH BOUSTEAD REIT
UNAUDITED CONDENSED CASH FLOW STATEMENT

For the quarter ended 30 June 2008

	2008	Restated 2007
	RM'000	RM'000
OPERATING ACTIVITIES		
Net income before taxation	33,646	21,386
Adjustments for:		
Profit earned from deposits	(120)	(276)
Dividend income	(26)	-
Net realised gain on disposal of investment in quoted securities	(43)	-
Net unrealised losses on valuation of investment in quoted securities	774	-
Operating profit before changes in working capital	34,231	21,110
Receivables	948	(5,491)
Payables	(3,950)	3,794
Net cash from operating activities	31,229	19,413
INVESTING ACTIVITIES		
Purchase and enhancement of investment properties	(1,202)	(220,920)
Purchase of quoted securities	(2,671)	-
Proceeds from disposal of quoted securities	185	-
Profit earned from deposits	120	276
Dividends received	21	-
Net cash used in investing activities	(3,547)	(220,644)
FINANCING ACTIVITIES		
Proceeds from issuance of units	-	229,680
Listing expenses	-	(9,500)
Distribution paid	(34,079)	-
Net cash (used in)/from financing activities	(34,079)	220,180
NET INCREASE IN CASH AND CASH EQUIVALENTS	(6,397)	18,949
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,721	1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11,324	18,950
ANALYSIS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash and bank balances	11	10
Shariah-based deposits with financial institution	11,313	18,940
	11,324	18,950

The Unaudited Condensed Cash Flow Statement should be read in conjunction with the audited financial statements for the period ended 31 December 2007.

AL-HADHARAH BOUSTEAD REIT

Notes to the Interim Financial Report for the Quarter Ended 30 June 2008

Part A - Explanation Notes Pursuant to FRS 134

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements for the period ended 31 December 2007.

A2 Change in Accounting Policy and Restatement of Comparatives

The accounting policies and methods of computations are consistent with those used in the preparation of the audited financial statements for the period ended 31 December 2007, except for the followings:

- (a) Replanting expenditure was previously charged to the income statement when incurred. The expenditure on replanting incurred up to the time of maturity is now being capitalised and recognised as additions to the carrying amount of the plantation assets. Carrying value of the oil palm plantings which are replaced will be written off to the income statement during the period when it is incurred. The replanting expenditure is capitalised to reflect the replacement of old palms and the biological transformation of the new replants which will enhance and ensure sustainability of the yields of the plantation assets. The change has been accounted for retrospectively.
- (b) Pursuant to the terms of the Ijarah Agreements, performance-based profit sharing which is only determined at the end of the financial year is payable not later than 28 February 2009. Based on the average palm oil price of RM3,026 per MT achieved at the end of the current quarter and the reference price of RM1,500 per MT, it is estimated that the enhanced yield rental income to date would be RM15.5 million. The amount which is unrealised at the end of the current quarter has been accrued in the income statement. Accordingly, the comparatives have been restated to present the recognition of the performance-based profit sharing on a quarterly basis as follows:

The change in accounting treatment for replanting expenditure has resulted in an increase in net income before tax for the current quarter and current cumulative period of RM0.8 million and RM1.4 million respectively. The effect of the above changes on the comparatives are summarised below:

	As previously stated RM'000	Increase/(Decrease)		As restated RM'000
		(a) RM'000	(b) RM'000	
Income Statement for period ended 30.6.2007				
Net income before taxation	15,404	1,020	4,962	21,386
Balance Sheet as at 31.12.2007				
Investment Properties	477,305	2,511	-	479,816
Unitholders' Fund	473,137	2,511	-	475,648

A3 Audit Report of Preceding Financial Year Ended 31 December 2007

The audit report of the preceding audited financial statements was not qualified.

A4 Seasonality or Cyclicity of Operations

The business operations of the Fund are not materially affected by any seasonal or cyclical factors.

A5 Unusual Items

There were no unusual items to be disclosed for the current quarter under review except for the change in accounting policy as described in Note A2 (a).

A6 Changes in Estimates

There were no material changes in estimates of amounts previously reported.

A7 Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the quarter under review.

A8 Income Distributed

No distribution was made during the current quarter.

A9 Segmental Information

This is not applicable.

A10 Valuation of Investment Properties

There has been no revaluation of investment properties during the current quarter.

A11 Subsequent Events

Please refer to Note B8.

A12 Changes in Composition of The Fund

This is not applicable.

A13 Contingent Liabilities and Contingent Assets

No contingent liabilities or contingent assets have arisen since the financial year-end.

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**B1 Performance Review**

Al-Hadharah Boustead REIT registered an unaudited net income before tax of RM33.6 million for the first half of the financial year. The increase of 57% when compared with last year's result was attributable to the performance-based rental income recognised arising from the higher palm oil prices. The average palm oil prices for the first half was RM3,026 per MT as compared with last year's corresponding period average price of RM2,089 per MT. Additional rental income from the injection of Lepad Kabu plantation assets which took effect in July 2007 also contributed to the better result.

B2 Comparison with Preceding Quarter

	Current Quarter 30.6.2008 RM'000	Restated Preceding Quarter 31.3.2008 RM'000
Revenue	17,498	18,798
Net income before taxation	16,332	17,314

The result for the current quarter was slightly lower than the preceding quarter, mainly due to the lower performance-based rental income arising from lower production of palm oil.

B3 Prospects

The Fund's performance is expected to remain positive with the still high palm oil prices.

B4 Variance of Profit Forecast or Profit Guarantee

This is not applicable.

B5 Taxation

Pursuant to S.61A of the Income Tax Act 1967, the Fund will be exempted from income tax on all its income as the Fund intends to distribute at least 90% of its total income to unitholders within 2 months from the end of the financial year.

B6 Unquoted Investments in Securities or Properties

There were no purchase or sale of unquoted investments in securities or properties during the current quarter.

B7 Quoted Investments

	Current Period 2008 RM'000	Cumulative Period 2008 RM'000
<u>Purchases and disposals:</u>		
Total purchase consideration	1,046	2,671
Total sale proceeds	185	185
Total profit on disposal	43	43
<u>Investment as at 30 June 2008:</u>		
At cost		5,744
At carrying value/book value		4,952
At market value		4,952

Investments in quoted securities are Shariah-compliant and marked to market value.

B8 Corporate Developments

On 6 August 2008, the Fund has announced the proposed acquisition of Malakoff and Bebar Estates from Boustead Rimba Nilai Sdn Bhd and Boustead Holdings Berhad for an aggregate purchase consideration of RM192.4 million. The acquisition of assets will be funded through issuance of up to 75 million new units at a price to be determined later, cash and credit facilities from a financial institution.

B9 Borrowings and Debt Securities

There were no borrowings or debt securities as at 6 August 2008.

B10 Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 6 August 2008.

B11 Material Litigation

There was no litigation as at 6 August 2008.

B12 Income Distribution

An interim distribution of 3.69 sen per unit amounting to RM17,416,837 is payable on 29 August 2008.

B13 Earnings per unit

	Current Period 2008	Restated 2007	Cumulative Period 2008	Restated 2007
Net income after taxation (RM'000)	16,332	12,941	33,646	21,386
Weighted average number of units in issue ('000)	472,001	400,251	472,001	400,251
Basic earnings per unit (sen)	3.46	3.23	7.13	5.34
Distribution per unit (sen)	3.69	3.69	3.69	3.69

By Order of the Board

SUZANA BINTI AHMAD (BAR COUNCIL NO. BC/S/356)

Company Secretary

Boustead REIT Managers Sdn Bhd

As the Manager of Al-Hadharah Boustead REIT

Kuala Lumpur

6 August 2008