

# **AXIS REAL ESTATE INVESTMENT TRUST**

## **CONDENSED BALANCE SHEET (UNAUDITED)**

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.03.2008 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2007 RM'000
<b><u>ASSETS</u></b>		
Investment Properties	607,962	570,400
Deposits placed with licensed banks	570	570
Receivables, deposits and prepayments	11,878	10,647
Cash and cash equivalents	83	86
Tax Recoverable	154	154
<b>TOTAL ASSETS</b>	<b>620,647</b>	<b>581,857</b>
<b><u>LIABILITIES</u></b>		
Payables and accruals	23,831	21,885
Revolving credit	155,000	175,000
Bank overdraft	11,229	34,816
Provision for Income Distribution (note 1)	7,398	15,504
	<b>197,458</b>	<b>247,205</b>
<b>NET ASSET VALUE</b>	<b>423,189</b>	<b>334,652</b>
<b><u>FINANCED BY:</u></b>		
<b><u>UNITHOLDERS' FUND</u></b>		
Unitholders' capital	323,338	234,892
Undistributed income	99,851	99,760
	<b>423,189</b>	<b>334,652</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	<b>255,901,000</b>	<b>205,901,000</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>	<b>1.654</b>	<b>1.625</b>

(The Condensed Balance Sheet should be read in conjunction with the Audited Financial Report for the year ended 31 December 2007 and the accompanying explanatory notes attached to the financial statements.)

Note 1 – Being provision for income distribution for the period 19 January 2008 to 31 March 2008.

## **AXIS REAL ESTATE INVESTMENT TRUST**

### **CONDENSED INCOME STATEMENT (UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2008 RM'000	Preceding Year Corresponding Quarter 31.03.2007 RM'000	Current Year To date 31.03.2008 RM'000	Preceding Year To date 31.03.2007 RM'000
<b>TOTAL TRUST REVENUE</b>	14,463	10,811	14,463	10,811
Gross rental income	14,429	10,811	14,429	10,811
Less : Assessment	(398)	(326)	(398)	(326)
Quit Rent	(89)	(57)	(89)	(57)
Other Property operating expenditure	(1,748)	(1,642)	(1,748)	(1,642)
Net rental income	12,194	8,786	12,194	8,786
Interest income	34	-	34	-
<b>TOTAL TRUST INCOME</b>	<b>12,228</b>	<b>8,786</b>	<b>12,228</b>	<b>8,786</b>
<b><u>EXPENDITURE</u></b>				
Manager's fees	1,058	735	1,058	735
Trustee's fees	53	37	53	37
Auditors' fees	14	16	14	16
Tax agent's fee	3	3	3	3
Allowance for doubtful debts	6	13	6	13
Administrative Expense	225	413	225	413
Borrowing cost	-	244	-	244
Interest expenses	1,836	1,078	1,836	1,078
<b>TOTAL TRUST EXPENDITURE</b>	<b>3,195</b>	<b>2,539</b>	<b>3,195</b>	<b>2,539</b>
<b>NET TRUST INCOME</b>	<b>9,033</b>	<b>6,247</b>	<b>9,033</b>	<b>6,247</b>
Change in fair value of investment properties - #	-	-	-	-
<b>INCOME BEFORE TAXATION</b>	<b>9,033</b>	<b>6,247</b>	<b>9,033</b>	<b>6,247</b>
TAXATION	-	-	-	-
<b>INCOME AFTER TAXATION</b>	<b>9,033</b>	<b>6,247</b>	<b>9,033</b>	<b>6,247</b>
PROVISION FOR INCOME DISTRIBUTION	<b>(8,942)</b>	<b>(6,185)</b>	<b>(8,942)</b>	<b>(6,185)</b>
<b>RETAINED EARNINGS</b>	<b>91</b>	<b>62</b>	<b>91</b>	<b>62</b>
EARNINGS PER UNIT (sen) ##	3.76	3.03	3.76	3.03
DISTRIBUTION PER UNIT (sen)	3.64	3.00	3.64	3.00
<b>INCOME BEFORE TAXATION IS MADE UP AS FOLLOWS:</b>				
Realised	9,033	6,247	9,033	6,247
Unrealised - #	-	-	-	-
	9,033	6,247	9,033	6,247

(The Condensed Income Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2007 and the accompanying explanatory notes attached to the financial statements)

# The net appreciation on fair values of investment properties is the surplus of the appraised values over acquisition costs arising from acquisitions completed in the reporting period/ the last valuation value. This is an unrealised gain and is not available for income distribution.

## Based on the weighted average number of units in issued (Refer to Note B12).

## AXIS REAL ESTATE INVESTMENT TRUST

### CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2007 TO 31 MARCH 2007 (AUDITED)

	<i>Distributable Undistributed Income</i>			<b>Total RM'000</b>
	<b>Unitholders' Capital RM'000</b>	<b>Realised RM'000</b>	<b>Unrealised RM'000</b>	
<b>Net assets as at 1 January 2007</b>	234,892	82	59,135	294,109
<b>Operation for the period ended 31 March 2007</b>				
Net income for the period	-	6,247	-	6,247
<i>Increase in net assets resulting from operations</i>	-	6,247	-	6,247
<b>Unitholders' transactions</b>				
Distribution to Unitholders – Provision #	-	(6,185)	-	(6,185)
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	(6,185)	-	(6,185)
<b>Net assets as at 31 March 2007</b>	<b>234,892</b>	<b>144</b>	<b>59,135</b>	<b>294,171</b>

# AXIS REAL ESTATE INVESTMENT TRUST

## CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (CONT'D.)

FROM 1 JANUARY 2008 TO 31 MARCH 2008 (UNAUDITED)

	<i>Distributable Undistributed Income</i>			<b>Total RM'000</b>
	<b>Unitholders' Capital RM'000</b>	<b>Realised RM'000</b>	<b>Unrealised RM'000</b>	
<b>Net assets as at 1 January 2008</b>	234,892	12	99,748	334,652
<b>Operation for the period ended 31 March 2008</b>				
Net income for the period	-	9,033	-	9,033
<i>Increase in net assets resulting from operations</i>	-	9,033	-	9,033
<b>Unitholders' transactions</b>				
Placement of units	90,000	-	-	90,000
Distribution to Unitholders – Provision #	-	(8,942)	-	(8,942)
Listing expenses	(1,554)	-	-	(1,554)
<i>Increase/ (Decrease) in net assets resulting from Unitholders' transactions</i>	88,446	(8,942)	-	79,504
<b>Net assets as at 31 March 2008</b>	<b>323,338</b>	<b>103</b>	<b>99,748</b>	<b>423,189</b>

# Includes the payment of the first interim income distribution of 0.75 sen per unit on 20 February 2008 totaling RM1,544,258 in respect of the period ended 1 January 2008 to 18 January 2008.

(The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Report for the year ended 31 December 2007 and the accompanying explanatory notes attached to the financial statements.)

# **AXIS REAL ESTATE INVESTMENT TRUST**

## **CONDENSED CASH FLOW STATEMENT** **FOR THE YEAR ENDED 31 DECEMBER 2008 (UNAUDITED)**

	<b>Current Year To Date 31.03.2008 RM'000</b>	<b>Preceding Year To Date 31.03.2007 RM'000</b>
<b>Operating activities</b>		
Income before taxation	9,033	6,247
Adjustment for :-		
Interest expense	1,836	1,078
Interest income	(34)	-
Operating income before working capital charges	10,835	7,325
<b>(Increase)/Decrease in working capital</b>		
Receivables, deposits and prepayments	(1,231)	(766)
Payables and accruals	1,946	(384)
<b>Cash generated by operating activities</b>	11,550	6,175
Tax paid	-	-
<b>Net cash generated from operating activities</b>	11,550	6,175
<b>Investing activities</b>		
Interest received	34	-
Payment for enhancement of investment properties	(124)	(263)
Purchase of investment property	(37,438)	-
<b>Cash used in investing activities</b>	(37,528)	(263)
<b>Financing activities</b>		
Interest paid	(1,836)	(1,078)
(Repayment of)/ Proceeds from borrowings	(20,000)	4,500
Distribution paid to unitholders	(17,048)	(13,898)
Proceeds from issue of Units	90,000	-
Listing expenses	(1,554)	-
<b>Cash generated from/ (used in) financing activities</b>	49,562	(10,476)
Net increase/ (decrease) in cash and cash equivalents	23,584	(4,564)
Cash and cash equivalents at beginning of year	(34,730)	(48,027)
Cash and cash equivalents at end of year	(11,146)	(52,591)
<b>Cash and cash equivalents</b>		
Cash and bank balances	83	43
Bank Overdraft	(11,229)	(52,634)
	(11,146)	(52,591)

(The Condensed Cash Flow Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2007 and the accompanying explanatory notes attached to the financial statements.)

## **AXIS REAL ESTATE INVESTMENT TRUST**

Quarterly Unaudited Financial Results for the 1st Quarter ended 31 March 2008

### NOTES TO THE QUARTERLY REPORT

#### **A DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARDS (“FRS) 134 (FORMERLY KNOWN AS MALAYSIAN ACCOUNTING STANDARDS BOARD (“MASB”) 26)**

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

The quarterly financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the audited financial information of Axis Real Estate Investment Trust (“Axis-REIT”) for year ended 31 December 2007.

##### **A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2007**

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

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

The business operations of Axis-REIT are not affected by material seasonal or cyclical factors.

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

There were no unusual items to be disclosed for the quarter under review.

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

This is not applicable as no estimates were previously reported.

##### **A6. DEBT AND EQUITY SECURITIES**

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and year-to-date.

#### A7. INCOME DISTRIBUTION

A provision was made to distribute 99% of the income before tax (unaudited) for the quarter ended 31 March 2008 amounting to RM8,942,245. Out of this amount is a sum of RM1,544,258 paid on 20 February 2008 as 1<sup>st</sup> interim 2008 income distribution for the period 1 January 2008 to 18 January 2008 to existing unitholders prior to the completion of the placement of 50.0 million new Axis-REIT units.

#### A8. SEGMENTAL REPORTING

No segment information is prepared as Axis-REIT's activities are predominantly in one industry segment and occur predominantly in Malaysia.

#### A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The investment properties are valued based on valuations performed by independent registered valuers.

#### A10. MATERIAL EVENTS

There was no material event as at the latest practicable date from the date of this report except for the followings:

- a) completion of the acquisition of a five storey office cum flatted factory, with mezzanine floor and a 2 level basement car park erected on land under a 99 years leasehold title no. PN 29932 for lot 84, Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor for RM37.0 million;
- b) completion of the acquisition of a single storey warehouse and annexed two (2) storey office erected upon a portion of land held under H.S.(D) 303868 for PTD 2423, Mukim Tj. Kupang, Daerah Johor Bahru, Negeri Johor for a total lump sum cash consideration of RM27.0 million;
- c) completion of the acquisition of a leasehold industrial property comprising a single storey warehouse building with a 3-storey office together with guard house and ancillary buildings erected on land held under H.S.(D) 330804 PTD 163163 in the Mukim of Plentong District of Johor Bahru, State of Johor for a total lump sum consideration of RM14.50 million;
- d) proposed acquisition of a leasehold industrial property comprising a single storey detached factory, with ancillary buildings erected on land held under H.S.(D) 437877 for PTD 190745 in the Mukim of Plentong, Daerah of Johor Bahru, State of Johor for a total lump sum consideration of RM12.5 million;
- e) proposed acquisition of a freehold industrial factory with ancillary buildings erected on part of Lot no. 211 Mukim of Senai-Kulai, District of Johor Bahru for a total lump sum consideration of RM14.0 million; and
- f) proposed acquisition of a freehold industrial factory with ancillary buildings erected on Lot no. 205 Mukim of Senai-Kulai, District of Johor Bahru for a total lump sum consideration of RM13.0 million.



A11. EFFECT OF CHANGES IN THE COMPOSITION OF AXIS-REIT

Axis-REIT's fund size had increased from 205,901,000 units to 255,901,000 units with the successful issuance and listing of the 50.0 million units on 30 January 2008.

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

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

**B1. REVIEW OF PERFORMANCE**

The Manager is pleased to report to unitholders the results for the 1<sup>st</sup> quarter ended 31 March 2008.

For the quarter ended 31 March 2008, Axis-REIT registered a total revenue of RM14,462,654. Total expenditure for the quarter under review was RM5,430,083 of which RM2,234,648 were attributable to property expenses and RM3,195,435 to non property expenses. For the quarter under review, realised income before taxation and available for distribution amounted to RM9,032,571.

Axis-REIT has made provision of RM8,942,245 [approximate to 99% of the realised income before tax] for income distribution for the 1<sup>st</sup> quarter ended 31 March 2008. Included in this amount is the 1<sup>st</sup> interim income distribution paid on 20 February 2008 of 0.75 sen per unit prior to the placement of the 50.0 new units amounting to RM1,544,258.

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

There were no material changes in the income before taxation for the quarter under review.

**B3. PROSPECTS**

The Manager is optimistic that in view of the satisfactory performance of Axis-REIT's existing investment portfolio and its growth strategy to actively pursue quality acquisitions it will be able to maintain a strong performance for the remaining period for the financial year ending 2008.

**B4. VARIANCES**

This is not applicable as no profit forecast or profit guarantee was issued for this financial quarter.

**B5. TAXATION**

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967 under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year of assessment, 90% or more of the total income of the trust is distributed to unitholder, the total income of the trust for that year of assessment shall be exempted from tax.

Thus, based on the provision of income distribution for the current quarter of approximately 99% of the realized income before tax, Axis-REIT should not incur any tax expense for the financial year.

B6. PROFITS ON SALE OF INVESTMENT IN UNQUOTED SECURITIES/ PROPERTIES

There was no disposal of investment in unquoted securities/ properties during the current quarter and financial period to-date.

B7. PARTICULARS OF PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES

(a)

	Current Quarter RM'000	Year-to-date RM'000
Total purchase of quoted securities	N/A	N/A
Total proceeds from disposal of quoted Securities	N/A	N/A
Total profit from disposal of quoted securities	N/A	N/A

(b)

	RM'000
Total investments at cost/carrying value	N/A
Total investments at book value	N/A
Total investments at market value at end of reporting period	N/A

B8. STATUS OF CORPORATE PROPOSAL

(a) The placement of 50.0 million new Axis-REIT units was completed with the successful listing of the units on Bursa Malaysia Securities Berhad on 30 January 2008. The RM90.0 million raised as gross proceed from the placement was used to pare down the borrowings of Axis-REIT during the quarter.

(b) There were no other corporate proposal announced but not completed at the latest practicable date from the date of the issuance of this report.

B9. BORROWINGS AND DEBT SECURITIES

	Current Quarter 31 Mar 2008 (RM' 000)	Preceding Financial Year End 31 Dec. 2007 (RM' 000)
Short term borrowings		
- Secured	166,229	209,816

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Axis-REIT has no financial instrument with off balance sheet risks as at the latest practicable date from the date of the issuance of this report that might materially affect the position or business of Axis-REIT.

B11. MATERIAL LITIGATION

There was no pending material litigation as at the latest practicable date from the date of issuance of this report.

## B12. INCOME DISTRIBUTION AND EARNINGS PER UNIT

Pursuant to the amended Section 109D(2) of the Income Tax Act, 1967 under the Finance Act 2006 which was gazetted on 31 December 2006, the following withholding tax rates would be applicable on distribution of income which is tax exempt at Axis-REIT's level:

### Resident unitholder:

- a) Resident company: Tax flow through; thus no withholding tax
- b) Unitholder other than a resident company: Withholding tax at 15%

### Non-resident unitholder

- a) Non-resident company: Withholding tax at 26%
- a) Non-resident institutional investor: Withholding tax at 20%
- a) Non-resident other than company and institutional investors: Withholding tax at 15%

A provisional income distribution for the quarter have been provided in this quarter results.

	Quarter Ended 31.03.2008 RM' 000	Year To Date Ended 31.03.2008 RM' 000
Number of units in issue ('000 units)	255,901	255,901
Net income (RM'000)	9,033	9,033
Net income distribution to unitholders (RM'000)	8,942	8,942
Basic earnings per unit (sen) #	3.76	3.76
Diluted earnings per unit (sen)	N/A	N/A
Distribution per unit (DPU) (sen)	3.64*	3.64*

# Based on weighted average of the number of units in issue. The total number of units issued had increased from 205,901,000 to 255,901,000 arising from the issuance of 50,000,000 additional new units on 30 January 2008.

\* Includes the 1<sup>st</sup> interim income distribution of 0.75 sen per unit paid on 20 February 2008.

BY ORDER OF THE BOARD

YEOH CHONG KEAT  
REBECCA LEONG SIEW KWAN  
Company Secretaries  
AXIS REIT MANAGERS BERHAD (649450-W)  
(As the Manager of AXIS REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur  
5 May 2008