



ATRIUM REAL ESTATE INVESTMENT TRUST

Condensed Financial Statements

Second Quarter Ended 30 June 2012

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ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 30.06.2012 RM	(Audited) As at 31.12.2011 RM
ASSETS		
Non-current assets		
Investment properties	194,700,000	194,700,000
Current assets		
Trade and other receivables	769,027	1,488,420
Deposits with licensed financial institution	12,657,750	14,546,371
Bank balance	253,007	734,298
	<u>13,679,784</u>	<u>16,769,089</u>
TOTAL ASSETS	<u>208,379,784</u>	<u>211,469,089</u>
LIABILITIES		
Non-current liabilities		
Trade and other payables	4,281,004	2,713,839
Borrowings	20,000,000	20,000,000
	<u>24,281,004</u>	<u>22,713,839</u>
Current liabilities		
Trade and other payables	1,817,094	6,604,332
Borrowings	45,000,000	45,000,000
	<u>46,817,094</u>	<u>51,604,332</u>
TOTAL LIABILITIES	<u>71,098,098</u>	<u>74,318,171</u>
NET ASSET VALUE ("NAV")	<u>137,281,686</u>	<u>137,150,918</u>
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	119,351,580	119,351,580
Undistributed income	17,930,106	17,799,338
TOTAL UNITHOLDERS' FUNDS	<u>137,281,686</u>	<u>137,150,918</u>
NUMBERS OF UNITS IN CIRCULATION (UNITS)	<u>121,801,000</u>	<u>121,801,000</u>
NAV PER UNIT (RM)		
- before proposed distribution	1.1271	1.1260
- after proposed distribution (Note 1)	1.1051	1.1047

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the financial statements.

(Note 1 - Being Net Asset Value Per Unit after reflecting realised income to be distributed as second interim income distribution for 2012 of 2.20 sen per unit payable on 30 August 2012.)

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2012 RM	Preceding Year Corresponding Quarter 30.06.2011 RM	Current Year to Date 30.06.2012 RM	Preceding Year to Date 30.06.2011 RM
Gross revenue	4,064,202	3,519,585	8,113,862	7,039,169
Property operating expenses	(438,397)	(340,480)	(868,643)	(679,757)
Net rental income	3,625,805	3,179,105	7,245,219	6,359,412
Interest income	98,560	145,548	200,054	287,163
Miscellaneous income	-	-	-	5,873
Total income	3,724,365	3,324,653	7,445,273	6,652,448
Trust expenses				
Manager's fees	(272,235)	(194,016)	(473,023)	(383,194)
Trustee's fees	(22,119)	(12,934)	(35,505)	(25,546)
Auditors' fees	(4,500)	(4,500)	(9,000)	(9,000)
Tax agent's fees	(1,410)	(1,125)	(2,520)	(2,250)
Finance costs	(688,826)	(447,267)	(1,441,032)	(877,761)
Valuation fees	-	(15,000)	-	(15,000)
Administrative expenses	(50,427)	(41,247)	(79,369)	(69,676)
Others	(73)	-	(73)	-
Total Expenses	(1,039,590)	(716,089)	(2,040,522)	(1,382,427)
Income before taxation	2,684,775	2,608,564	5,404,751	5,270,021
Taxation	-	-	-	-
Net income/Total comprehensive income for the period	2,684,775	2,608,564	5,404,751	5,270,021
Net income for the period is made up as follows:				
-Realised	2,684,775	2,608,564	5,404,751	5,270,021
-Unrealised	-	-	-	-
Earnings per unit (sen)				
- after manager's fees	2.20	2.14	4.44	4.33
- before manager's fees	2.43	2.30	4.83	4.64
Distribution per unit (sen)				
- Interim	2.20	2.15	4.40	4.30
- Final	-	-	-	-

The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the financial statements.

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (UNAUDITED)
For The Period from 01.01.2012 to 30.06.2012

	← Undistributed Income →			
	Unitholders' Capital RM	Realised RM	Unrealised RM	Total RM
Net assets as at 1 January 2012	119,351,580	2,899,338	14,900,000	137,150,918
Operations for the period from - 1 January 2012 to 30 June 2012				
Net income for the period	-	5,404,751	-	5,404,751
Increase in net assets resulting from operations	-	5,404,751	-	5,404,751
Unitholders' transactions				
Distributions to unitholders				
- 2012 interim	-	(2,679,622)	-	(2,679,622)
- 2011 final		(2,594,361)		(2,594,361)
Decrease in net assets resulting from unitholders' transactions	-	(5,273,983)	-	(5,273,983)
Net assets as at 30 June 2012	<u>119,351,580</u>	<u>3,030,106</u>	<u>14,900,000</u>	<u>137,281,686</u>

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
(UNAUDITED)(cont'd)
For The Period from 01.01.2011 to 30.06.2011

	← Undistributed Income →			Total RM
	Unitholders' Capital RM	Realised RM	Unrealised RM	
Net assets as at 1 January 2011	119,351,580	295,442	8,200,000	127,847,022
Add : Effects of adopting FRS 110	-	2,679,622	-	2,679,622
Net assets as at 1 January 2011(as restated)	119,351,580	2,975,064	8,200,000	130,526,644
Operations for the period from - 1 January 2011 to 30 June 2011				
Net income for the period	-	5,270,021	-	5,270,021
Increase in net assets resulting from operations	-	5,270,021	-	5,270,021
Unitholders' transactions				
Distributions to unitholders				
- 2011 interim	-	(2,618,721)	-	(2,618,721)
- 2010 final	-	(2,679,622)	-	(2,679,622)
Decrease in net assets resulting from unitholders' transactions	-	(5,298,343)	-	(5,298,343)
Net assets as at 30 June 2011(as restated)	119,351,580	2,946,742	8,200,000	130,498,322

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 2011 and the accompanying explanatory notes attached to the financial statements.

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOW (UNAUDITED)
For The Period from 01.01.2012 to 30.06.2012

	Current Year to Date 30.06.2012 RM	Preceding Year to Date 30.06.2011 RM
<u>Cash Flow From Operating Activities</u>		
Income before taxation	5,404,751	5,270,021
Adjustments for:		
Interest income	(200,054)	(287,163)
Interest expense	1,441,032	877,761
Operating income before working capital changes	6,645,729	5,860,619
Decrease/(increase) in trade and other receivables	719,393	(661,431)
(Decrease)/increase in trade and other payables	(3,220,073)	583,971
Cash generated from operating activities	4,145,049	5,783,159
Tax paid	-	-
Net cash generated from operating activities	4,145,049	5,783,159
<u>Cash Flow From Investing Activities</u>		
Interest income	200,054	287,163
Net cash generated from investing activities	200,054	287,163
<u>Cash Flow Form Financing Activities</u>		
Interest paid	(1,441,032)	(877,761)
Distribution to unitholders	(5,273,983)	(5,298,344)
Net cash used in financing activities	(6,715,015)	(6,176,105)
Net Decrease In Cash And Cash Equivalents	(2,369,912)	(105,783)
Cash And Cash Equivalents At The Beginning Of the Period	15,280,669	20,324,880
Cash And Cash Equivalents At The End Of the Period	12,910,757	20,219,097
<u>Cash and cash equivalents</u>		
Cash and bank balances	253,007	530,915
Deposits with licensed financial institution	12,657,750	19,688,182
	<u>12,910,757</u>	<u>20,219,097</u>

The Condensed Statement of Cash Flow should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the financial statements.

ATRIUM REAL ESTATE INVESTMENT TRUST
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
For The Quarter Ended 30 June 2012

Disclosure requirements as per Malaysian Financial Reporting Standards (“MFRS”) 134

A1. Basis of Preparation

The quarterly financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting and paragraph 9.44 of the Main Market 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 the Atrium Real Estate Investment Trust (“Atrium REIT”) for the year ended 31 December 2011.

A2. Audit Report of Preceding Financial Year Ended 31 December 2011

The Auditors Report on the financial statements of the preceding financial year was not qualified.

A3. Seasonality or Cyclicity of Operations

The business operations of the Atrium REIT are not materially affected by any seasonal or cyclical factor.

A4. Exceptional or Unusual Items

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

A5. Changes in Estimates of Amounts Reported

This is not applicable as no estimates were previously reported.

A6. Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial quarter. The outstanding debt is disclosed in Note B13.

A7. Income Distribution

During the quarter under review, Atrium REIT paid an interim income distribution of 2.20 sen per unit, amounting to RM 2,679,622 in respect of the quarter ended 31 March 2012 on 31 May 2012. Based on the second quarter's result ended 30 June 2012, there will be an interim distribution of 2.20 sen per unit, amounting to RM 2,679,622 to be made on the 30 August 2012.

A8. Segment Reporting

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

A9. Valuation of Property, Plant & Equipment

The investment properties are valued based on valuations performed by independent registered valuers. The valuations of land and buildings have been brought forward without amendment from the audited financial statements for the year ended 31 December 2011.

A10. Material Events

There was no material event subsequent to the end of the current financial quarter.

A11. Changes in the Composition of Atrium REIT

There is no change in composition of Atrium REIT for the current financial quarter.

A12. Changes in Contingent Liabilities

There is no contingent liability to be disclosed.

A13. Supplementary Information on Realised and Unrealised Income

The Undistributed Income as at the end of the reporting period may be analysed as follows:

	As at 30 June 2012 RM	As at 31 December 2011 RM
<u>Realised</u>		
Distributable undistributed income	3,030,106	2,899,338
<u>Unrealised</u>		
Cumulative net changes arising from the fair value adjustments to the investment properties	<u>14,900,000</u>	<u>14,900,000</u>
	<u>17,930,106</u>	<u>17,799,338</u>

Additional disclosure requirement as per paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Manager's Investment Objectives

The Manager's investment objectives are to maximise profits in order to reward Unitholders with a stable distribution of income and to acquire quality assets to achieve long term growth in the Net Asset Value ("NAV") per unit. The Manager has achieved its objective of rewarding Unitholders with stable and attractive return through consistent distribution of income since the listing of the Atrium REIT on 2 April 2007. There was no change in the investment objectives of the Atrium REIT as at the date of this report.

B2. Strategies and Policies

There was no change in strategies and policies employed since the preceding financial year.

B3. Review of Performance

	Current Quarter As at 30 June 2012	Preceding Quarter As at 31 March 2012
Net asset value (RM)	137,281,686	137,276,534
Units in circulation (units)	121,801,000	121,801,000
Net asset value per unit (RM)	1.1271	1.1271
Market price per unit (RM)	1.18	1.14
Highest traded price per unit during the quarter (RM)	1.19	1.25
Lowest traded price per unit during the quarter (RM)	1.14	1.07

Quarterly Results

For the quarter ended 30 June 2012, Atrium REIT recorded Total Income of RM 3,724,364 which is 12.0% higher than the corresponding quarter of RM 3,324,653. Net Income for the quarter of RM 2,684,774 represents an increase of 2.92% compared to RM 2,608,564 achieved in the last corresponding quarter.

The improved result is due mainly to the additional contribution from Atrium USJ. Correspondingly, the property operating expenses and the finance costs have increased as a result of the new acquisition. Interest income decreased due to a decrease in deposits with licensed financial institutions as part of the funds were used for financing the acquisition of Atrium USJ and also for refunding the excess security deposits back to the tenant/lessee.

The increase in Total Expenses is due to the increase in Manager's fees, Trustee's fees and finance costs. The Manager's and Trustee's fees increased to 0.8% and 0.065% respectively with effect from 1 April 2012.

The finance costs for the current quarter have increased as compared to the preceding year corresponding quarter mainly due to the increase in bank borrowings via a new RM20.0 million Term Loan facility from Public Bank, secured to finance the acquisition of Atrium USJ.

Half Yearly Results

For the six months financial period ended 30 June 2012, Atrium REIT recorded Total Income of RM 7,445,273 which is 11.9% higher than the corresponding period of RM 6,652,448. Net Income for the period of RM 5,404,751 represents an increase of 2.56% compared to RM 5,270,021 achieved in the last corresponding period.

The improved result is due mainly to the positive contribution from Atrium USJ. Correspondingly, the property operating expenses and the finance costs have increased as a result of the new acquisition. Interest income decreased due to a decrease in deposits with licensed financial institutions as part of the funds were used for financing the acquisition of Atrium USJ and also for refunding the excess security deposits back to the tenant/lessee.

The increase in Total Expenses is due to the increase in Manager's fees, Trustee's fees and finance costs. The Manager's and Trustee's fees increased to 0.8% and 0.065% respectively with effect from 1 April 2012.

The finance costs for the current period have increased as compared to the preceding year corresponding period mainly due to the increase in bank borrowings via a new RM20.0 million Term Loan facility from Public Bank, secured to finance the acquisition of Atrium USJ.

B4. Comparison with Preceding Quarter

	Current Quarter 01.04.2012 To 30.06.2012 RM	Preceding Quarter 01.01.2012 To 31.03.2012 RM
Gross revenue	4,064,202	4,049,660
Property expenses	(438,397)	(430,245)
Net property income	3,625,805	3,619,415
Interest income	98,560	101,494
Change in fair value of investment properties	-	-
Miscellaneous income	-	-
Total income	3,724,365	3,720,909
Trust expenses	(350,764)	(248,726)
Finance cost	(688,826)	(752,206)
Income before taxation	2,684,775	2,719,977
Taxation	-	-
Net income	2,684,775	2,719,977

Atrium REIT's Net Income for the current quarter ended 30 June 2012 decreased as compared to the preceding quarter mainly due to the increase in Trust expenses even though finance costs decreased.

The increase in Trust Expenses is due to the increase in Manager's fees and Trustee's fees which took effect from 1 April 2012.

B5. Maintenance Costs and Major Capital Expenditure

Atrium Shah Alam 2

Since the remedial works carried out in 2009 on the warehouse floor slab due to soil settlement, the Manager has been closely monitoring the state and condition of the affected area. During the quarter under review, some minor remedial works were carried out on the floor slab at the affected area.

No major capital expenditure was incurred by Atrium REIT during the quarter under review.

B6. Prospects

Atrium Shah Alam 2

CEVA Logistics (Malaysia) Sdn Bhd has renewed the tenancy for Atrium Shah Alam 2 for another 2 years, commencing on 1 June 2012 and expiring on 31 May 2014.

Atrium USJ

Block B

Century Total Logistics Sdn Bhd ("Century") has renewed the tenancy for Block B of Atrium USJ for another 22 months and 24 days, commencing on 6 February 2012 and expiring on 31 December 2013.

Block C

The tenancy with Century has expired on 30 June 2012 and Century has written to the Manager to extend for a further 4 months. As the tenancy has expired, the extension will be subject to space availability and Century is deemed a tenant at will on a month to month basis. The Manager is currently working with property agents on 2 potential tenants who are interested to take up Block C.

For 2012, the Manager expects all the properties of the Atrium REIT to maintain its 100% occupancy rates save and except, temporary rental voids for Block C of Atrium USJ due to the changeover in tenants. The 100% occupancy rates of the properties are due to their strong tenants, competitive rental rates, strategic locations and excellent facilities.

The Manager will continue to actively identify good assets for new acquisition to improve the yield and to continue focusing on the strategy of having the investment properties leased long-term to reputable tenants.

B7. Portfolio Composition

There was no change to the total numbers of properties held by the Atrium REIT since the last reporting period.

B8. Utilisation of Proceeds Raised from Issuance of New Units

This is not applicable as there are no proceeds raised from any issuance of new units during the current financial quarter.

B9. Corporate Development

There was no corporate proposal announced during the current financial quarter.

B10. Material Litigation

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

B11. Soft Commission

During the financial quarter, the Manager did not receive any soft commission (i.e. goods and services) from the brokers or agents by virtue of transactions conducted by the Atrium REIT.

B12. Investment Properties

Investments in Real Estates

Description of property	Tenure of land	Existing use	Occupancy rate as at 30.06.2012 %	Date of valuation	Acquisition cost RM'000	Latest valuation (A) RM'000	Percentage of (A) over Net Assets Value %
Atrium Shah Alam 1	Freehold	Industrial	100	31.12.2011	57,200	64,600	47.1
Atrium Shah Alam 2	Freehold	Industrial	100	31.12.2011	49,100	56,000	40.8
Atrium Puchong	Freehold	Industrial	100	31.12.2011	38,500	40,300	29.4
Atrium Rawang	Freehold	Industrial	100	31.12.2011	10,000	8,600	6.3
Atrium USJ	Freehold	Industrial	100	31.12.2011	25,000	25,200	18.4
						<hr/>	
						179,800	<hr/>
							194,700

B13. Borrowings and Debt Securities

	As at 30 June 2012 RM	As at 31 December 2011 RM
<u>Short Term Financing</u>		
Short Term Revolving Credit (“STRC”) - secured	45,000,000	45,000,000
<u>Long Term Financing</u>		
Term Loan (“TL”) - secured	20,000,000	20,000,000
	65,000,000	65,000,000

The STRC facilities are secured by way of a first party legal charge over Atrium Shah Alam 1 and Atrium Rawang. This financing facility is renewable on a yearly basis subject to the Bank’s review. The interest rates for the STRC facility ranged from 4.09% to 4.18% per annum for the quarter under review.

The interest rate for the TL facility ranged from 4.405% to 4.425% per annum for the quarter under review. The TL facility is secured by all monies First Party charge over Atrium USJ. This financing facility has a maturity of 7 years from the date of first drawdown and will be repaid in full via a bullet repayment at maturity.

B14. Unitholdings of Directors and their Related Parties

As at 30.06.2012	Number of units held	Percentage of total units %	Market value RM
Direct unit holdings in Atrium REIT			
Atrium REIT Managers Sdn Bhd	322,100	0.26	380,078
As at 30.06.2012			
Directors of the Manager:			
Dato’ Dr Ir Mohamad Khir Bin Harun	-	-	-
Wong Sui Ee	313,000	0.26	369,340
Tor Peng Sie	100,000	0.08	118,000
How Hu Son	100,000	0.08	118,000
Soong Kwong Heng	55,000	0.05	64,900
Related parties of the Manager:			
Glory Blitz Industries Sdn Bhd	20,024,800	16.44	23,629,264
Sparkle Skyline Sdn Bhd	9,258,900	7.60	10,925,502
Chan Kam Tuck	15,486,200	12.71	18,273,716
Chan Kum Chong	70,000	0.06	82,600

The market value is determined by multiplying the number of units with the closing market price of RM1.18 per unit.

B15. Taxation

The Atrium REIT intends to distribute at least 90% of the distributable income (realised) to unitholders for the financial year 2010, which is exempt from tax pursuant to Section 61A(1) of Income Tax Act, 1967 under the Finance Act, 2006. Thus, the Atrium REIT should not incur any tax expenses for the financial year and has not provided any tax expense for this current financial quarter.

Reconciliation between applicable income tax expense and effective income tax expense of the Atrium REIT is as follows:

	01.04.2012 To 30.06.2012 RM	01.01.2012 To 30.06.2012 RM
Current tax expense	-	-
Reconciliation of effective tax expense		
Income before taxation	<u>2,684,775</u>	<u>5,404,751</u>
Income tax using Malaysian tax rate of 25%	671,194	1,351,188
Effect of income exempted from tax	<u>(671,194)</u>	<u>(1,351,188)</u>
Tax expense	<u>-</u>	<u>-</u>

B16. Distribution to Unitholders

Distributions to unitholders are from the following sources:

	01.01.2012 to 30.06.2012 RM	01.01.2011 to 30.06.2011 RM
Net property income	7,245,219	6,359,412
Interest income	200,054	287,163
Miscellaneous income	-	5,873
	<u>7,445,273</u>	<u>6,652,448</u>
Less: Expenses	<u>(2,040,522)</u>	<u>(1,382,427)</u>
Net income	5,404,751	5,270,021
Undistributed income		
- Realised	(45,507)	(32,578)
- Unrealised	-	-
Total income distributions	<u>5,359,244</u>	<u>5,237,443</u>
Distribution per unit (sen)		
- First interim distribution paid on 31 May 2012 (2011: paid on 31 May 2011)	2.20	2.15
- Second interim distribution payable on 30 August 2012 (2011: paid on 26 August 2011)	2.20	2.15

For the financial quarter ended 30 June 2012, the Board of Directors of the Manager has declared an interim income distribution of 2.20 sen per unit to be paid on 30 August 2012 to the unitholders registered in the Record of Depositors on 6 August 2012.

Withholding tax will be deducted for distributions made to the following categories of unitholders :

- Resident individual (withholding tax at 10%)
- Non Resident individual (withholding tax at 10%)
- Resident institutional investors (withholding tax at 10%)
- Non-resident institutional investors (withholding tax at 10%)
- Resident companies (No withholding tax. Subject to corporate tax at prevailing rate)
- Non-resident companies (withholding tax at 25% for Year of Assessment 2012)

B17. Responsibility Statement

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134: 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 the Atrium REIT as at 30 June 2012 and of its financial performance and cash flows for the quarter/ period ended on that date and duly authorized for release by the Board of the Manager on 19 July 2012.

By Order of the Board

WONG SUI EE
Executive Director
Atrium REIT Managers Sdn Bhd
Company No: 710526-V
(As the Manager of Atrium Real Estate Investment Trust)
Kuala Lumpur

Dated: 19 July 2012