



Financial Results

Form Version 8 (Enhanced)

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Submitted

Company Information

Main Market Company

New Announcement

Submitting Investment Bank/Advisor
(if applicable)Submitting Secretarial Firm (if
applicable)

* Company name	QUILL CAPITA TRUST
* Stock name	QCAPITA
* Stock code	5123
* Contact person	Corinne Tan
* Designation	Vice President
* Contact number	03-23806288
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Part A : To be filled by Public Listed Company

* Financial Year End	31/12/2010
* Quarter	2 Qtr
* Quarterly report for the financial period ended	30/06/2010
* The figures	have not been audited

Please attach the full Quarterly Report here

☒ QCT 2 Q 2010 financials and notes- Bursa.pdf

Remarks

- DEFAULT CURRENCY
- OTHER CURRENCY

Currency

Malaysian Ringgit (MYR)

Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Key Financial Information for the financial period ended
* 30/06/2010

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
CURRENT YEAR QUARTER *	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE *	PRECEDING YEAR CORRESPONDING

QUILL CAPITA TRUST
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2010 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year Corresponding	Current Year	Preceding Year Corresponding
	Quarter	Quarter	To Date	To Date
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM	RM	RM	RM
TOTAL INCOME				
Gross revenue	17,351,176	16,670,177	34,538,038	33,586,462
Property operating expenses	(4,061,873)	(3,731,593)	(8,237,052)	(7,670,414)
Net property income	13,289,303	12,938,584	26,300,986	25,916,048
Interest income	102,557	85,048	200,565	211,847
Gain from re-measurement of derivatives (a)	231,911	-	668,228	-
	<u>13,623,771</u>	<u>13,023,632</u>	<u>27,169,779</u>	<u>26,127,895</u>
TOTAL EXPENDITURE				
Manager's fee	(1,305,879)	(1,260,318)	(2,564,207)	(2,523,958)
Trustee's fee	(60,896)	(62,159)	(122,398)	(122,957)
Borrowing costs	(3,636,675)	(3,407,159)	(7,218,547)	(7,129,101)
Valuation fees	(52,500)	(102,500)	(225,000)	(275,000)
Auditors' remuneration	(25,603)	(29,100)	(60,606)	(58,200)
Tax agent's fee	(2,133)	(5,145)	(6,861)	(10,290)
Administrative expenses	(11,476)	(70,199)	(529,175)	(567,898)
	<u>(5,095,162)</u>	<u>(4,936,580)</u>	<u>(10,726,794)</u>	<u>(10,687,404)</u>
INCOME BEFORE TAXATION	<u>8,528,609</u>	<u>8,087,052</u>	<u>16,442,985</u>	<u>15,440,491</u>
Income Tax expense	-	-	-	-
INCOME AFTER TAXATION	<u>8,528,609</u>	<u>8,087,052</u>	<u>16,442,985</u>	<u>15,440,491</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>8,528,609</u>	<u>8,087,052</u>	<u>16,442,985</u>	<u>15,440,491</u>
INCOME DISTRIBUTION				
-provision for interim distribution	(7,541,985)	(7,393,513)	(15,020,044)	(14,746,952)
NET INCOME RETAINED	<u>986,624</u>	<u>693,539</u>	<u>1,422,941</u>	<u>693,539</u>
Income After Taxation is made up of the following:				
Realised	8,296,698	8,087,052	15,774,757	15,440,491
Unrealised	231,911	-	668,228	-
EARNINGS PER UNIT (b)				
- after manager's fees (sen)	2.19	2.07	4.21	3.96
- before manager's fees (sen)	2.52	2.40	4.87	4.60
EARNINGS PER UNIT (REALISED) (c)				
- after manager's fees (sen)	2.13	2.07	4.04	3.96
- before manager's fees (sen)	2.46	2.40	4.70	4.60
INCOME DISTRIBUTION				
Interim income distribution	(7,541,985)	(7,393,513)	(15,020,044)	(14,746,952)
Income distribution per unit				
Gross (sen)	1.93	1.90	(d) 3.85	3.78

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

(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.

(d) Income distribution of 3.85 sen per unit being the distribution of income for the period 1 January 2010 to 30 June 2010 will be payable on 30 August 2010 to all unitholders as at book closure date. Please refer to Note B15 for further details of the distribution.

The Condensed Consolidated Statement Of Comprehensive Income 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 FINANCIAL POSITION
FOR THE QUARTER ENDED 30 JUNE 2010 (UNAUDITED)

	AS AT END OF CURRENT QUARTER 30.06.2010 UNAUDITED RM	AS AT PRECEDING FINANCIAL YEAR END 31.12.2009 AUDITED RM
NON-CURRENT ASSETS		
Property, plant and equipment	2,206	5,163
Investment properties	788,393,052	788,400,000
Derivative assets (i)	293,800	-
	<u>788,689,058</u>	<u>788,405,163</u>
CURRENT ASSETS		
Trade and other receivables	3,686,565	3,716,683
Deposits with licensed financial institution	18,149,772	18,011,421
Cash and bank balances	7,670,563	8,032,466
	<u>29,506,900</u>	<u>29,760,570</u>
CURRENT LIABILITIES		
Provision for income distribution	15,020,044	15,215,110
Trade and other payables	9,115,815	8,655,672
Borrowings	124,134,481	116,422,680
Security deposits	229,338	159,050
	<u>148,499,678</u>	<u>140,452,512</u>
NET CURRENT LIABILITIES	(118,992,778)	(110,691,942)
NON-CURRENT LIABILITIES		
Borrowings	179,823,332	188,224,309
Security deposits	13,835,139	14,499,616
	<u>193,658,471</u>	<u>202,723,925</u>
NET ASSETS	476,037,809	474,989,296
Represented by:		
UNITHOLDERS' FUND		
Unitholders' capital	411,712,067	411,712,067
Undistributed & Non- distributable income	64,325,742	63,277,229
	<u>476,037,809</u>	<u>474,989,296</u>
NET ASSET VALUE PER UNIT (before provision for distribution)	1.2587	1.2565
NET ASSET VALUE PER UNIT (after provision for distribution)	1.2202	1.2175
NUMBER OF UNITS IN CIRCULATION	390,131,000	390,131,000

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

The Condensed Consolidated Statement of Financial Position 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 CAPITAL TRUST
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE QUARTER ENDED 30 JUNE 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-restated)	-	-	-	(374,428)	(374,428)
As at 1 January 2010 (as restated)	411,712,067	2,679,395	60,597,834	(374,428)	474,614,868
Total Comprehensive Income for the period	-	15,774,757	-	668,228	16,442,985
Provision for distribution	-	(15,020,044)	-	-	(15,020,044)
As at 30 June 2010	411,712,067	3,434,108	60,597,834	293,800	476,037,809

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 STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2010 (UNAUDITED)

	CURRENT YEAR TO DATE 30.06.2010 RM	PRECEDING YEAR TO DATE 30.06.2009 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	16,442,985	15,440,491
Adjustments for:		
Interest expenses	6,775,497	6,779,012
Transaction costs & credit facility costs	443,050	350,089
Gain from re-measurement of derivatives	(668,228)	-
Depreciation	2,957	4,013
Interest income	(200,565)	(211,847)
Operating income before working capital changes	22,795,696	22,361,758
Receivables	(685,861)	(1,210,537)
Payables	(141,530)	(1,964,581)
Cash generated from operating activities	21,968,305	19,186,640
Income tax paid	-	-
Net cash generated from operating activities	21,968,305	19,186,640
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment properties & asset enhancement costs	(2,950)	(7,297)
Interest received	189,764	221,456
Net cash generated from /(used in) investing activities	186,814	214,159
CASH FLOW FROM FINANCING ACTIVITIES		
Distribution to unitholders	(15,215,110)	(16,190,436)
Proceeds from borrowings	-	-
Finance costs paid	(7,163,561)	(6,090,597)
Net cash (used in) /generated from financing activities	(22,378,671)	(22,281,033)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(223,552)	(2,880,234)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	26,043,887	28,435,923
CASH AND CASH EQUIVALENTS AT END OF PERIOD	25,820,335	25,555,689
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institutions	18,149,772	18,593,672
Cash and bank balances	7,670,563	6,962,017
	25,820,335	25,555,689

The Condensed Consolidated Statement of Cash Flows 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 30 JUNE 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 Interaction

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 statement of comprehensive income.

There were no revaluations on the investment properties for the quarter ended 30 June 2010.

A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 30 JUNE 2010

There were no significant events during the quarter ended 30 June 2010.

A13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 30 JUNE 2010

There were no significant events subsequent to the quarter ended 30 June 2010.

A14 CHANGES IN CONTINGENT LIABILITIES

There are no contingent liabilities to be disclosed.

A15 CAPITAL COMMITMENTS

There were no capital commitment as at 30 June 2010.

B1 REVIEW OF PERFORMANCE

Quarter and year to date results

QCT recorded total revenue of RM17.35 million and property operating expenses of RM4.06 million respectively for the current quarter ended 30 June 2010. Realised income after taxation of RM8.30 million was achieved. Borrowing costs of RM3.64 million and manager's fee of RM1.31 million were incurred during the quarter.

As compared with the preceding year corresponding quarter, the revenue is higher due mainly to increase in rental rates of some properties. The realised income after tax is higher due mainly to the increase in income contribution from the properties as a result of effective capital, tenancy and asset management by the manager.

For the six months ended 30 June 2010, QCT achieved a revenue of RM34.54 million, an increase of 2.8% as compared to the revenue of RM33.59 million for the preceding year corresponding period. Realised profit after tax rose by 2.2% to RM15.77 million from RM17.44 million achieved in the preceding year corresponding period, due mainly to higher rental and income contributions from QCT's properties.

The realised income after tax of RM8.30 million is higher than the immediate preceding quarter of RM7.91 million due mainly to higher income contributions from the properties and lower expenses incurred in the current quarter.

The performance of QCT for the quarter ended 30 June 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 satisfactory performance of QCT's existing portfolio and the manager's continuous focus on tenant retention, capital management and cost efficiency measures, the manager is confident that QCT will achieve sustainable income distribution for the year.

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.

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 to date.

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 date.

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 period to-date.

B11 COMPOSITION OF INVESTMENT PORTFOLIO AS AT 30 JUNE 2010

As at 30 June 2010, QCT's portfolio comprised of ten commercial buildings as follows:

Investment properties	Cost of Investment RM	Market Value as at 30 June 2010 RM	Market value as % of NAV
1 QB1 -DHL 1 & QB 4-DHL2	109,100,000	121,000,000	25.42%
2 QB 2- HSBC	107,500,000	114,350,000	24.02%
3 QB 3- BMW	59,400,000	70,002,950	14.71%
4 Wisma Technip	125,000,000	146,490,102	30.77%
5 Part of Plaza Mont' Kiara	90,000,000	106,000,000	22.27%
6 QB5- IBM	43,000,000	42,700,000	8.97%
7 QB 8 -DHL XPJ	28,800,000	27,500,000	5.78%
8 QB10-HSBC Section 13	22,740,000	25,850,000	5.43%
9 Tesco Building Penang	132,000,000	134,500,000	28.25%
	<u>717,540,000</u>	<u>788,393,052</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 30 June
2010

CPs

	RM
Face value of CPs issued	118,000,000
Discount on CPs	(1,780,765)
Cash proceeds	116,219,235
Accretion of interest expense on CPs	259,643
	116,478,878
Transaction costs c/f	(360,027)
Amortisation of transaction costs during the period	46,268
	116,165,119

Current portion of MTNs

Face value	8,000,000
Transaction costs c/f	(67,403)
	7,932,597
Amortisation of transaction costs during the period	36,765
	7,969,362

Total Current Borrowings

124,134,481

Non- current liabilities:

non current portion of MTNs

Face value	109,000,000
Transaction costs c/f	(918,370)
	108,081,630
Amortisation of transaction costs during the period	127,708
	108,209,338

RM80 million 5- year Financing Facilities

Loan drawdown	72,210,082
Transaction costs c/f	(662,394)
	71,547,688
Amortisation of transaction costs during the period	66,306
	71,613,994

Total Non -Current Borrowings

179,823,332

B12 BORROWINGS AND DEBT SECURITIES (cont'd)

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.

(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.

B12 BORROWINGS AND DEBT SECURITIES (cont'd)

b Loan Facilities

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

On 29 June 2009, QCT through its SPE, Samwise Capital Sdn. Bhd., obtained financing facilities totalling RM80 million from GE and Alliance.

The facilities included fixed rate tranche of RM60 million and floating rate tranche of RM20 million. RM72,210,082 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 18 August 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 16 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.
- (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 value 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 statement of comprehensive income accordingly.

B13 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

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.

The fair values of the IRSs and the maturity profile as at 30 June 2010 are as follows:

	Fair values of derivative assets/(liabilities) as at 30 June 2010
	RM
- less than one year	-
- one to 3 years	(1,336,129)
- more than 3 years	1,629,929
	<u>293,800</u>

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

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 provision for interim distribution of RM15,020,044, or 3.85 sen per unit, being 95.2% of the realised income after taxation for the period 1 January 2010 to 30 June 2010, has been made in the unaudited financial results for the second quarter ended 30 June 2010. The proposed distribution will be payable 30 August 2010.

The details of the proposed interim distribution are as follows:

	RM	
Gross revenue from 1.1.10 to 30.6.10	34,538,038	
Interest income from 1.1.10 to 30.6.10	200,565	
property operating expenses and trust expenses from 1.1.10 to 30.6.10	<u>(18,963,846)</u>	
	<u>15,774,757</u>	
Gross interim distribution (RM)		
(approximately 95.2% of RM15,774,757, being realised income after taxation for the period 1.1.10 to 30.6.10)		<u>15,202,044</u>
of which,		
	RM	
taxable distribution of income:	14,819,479	3.80 sen per unit
tax exempt distribution of income:	200,565	0.05 sen per unit
	<u>15,020,044</u>	<u>3.85 sen per unit</u>

B15 INCOME DISTRIBUTION (cont'd)

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 30 June 2010	As at 31 March 2010
NAV (RM)	476,037,809	471,307,547
Number of units in circulation (unit)	390,131,000	390,131,000
NAV per unit (RM)	1.2202	1.2081
(after provision for distribution)		
Market price (RM)	1.01	1.05

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

Changes in NAV per unit is mainly due to adjustments to the fair values of IRSs and balance of distributable income not distributed.

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 are :

	RM
Base management fee	854,103
Performance fee	451,776
	<u>1,305,879</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 RM60,896.

B19 UNITHOLDINGS BY THE MANAGER

As at 30 June 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 30 June 2010 RM
HLG Nominee (Tempatan) Sdn. Bhd. for :			
-Quill Properties Sdn. Bhd.	45,997,000	11.79%	46,456,970
-Quill Land Sdn. Bhd.	48,767,000	12.50%	49,254,670
-Quill Estates Sdn. Bhd.	22,276,000	5.71%	22,498,760
HSBC Nominees (Asing) Sdn. Bhd. for CapitaCommercial Trust	117,040,000	30.00%	118,210,400
	<u>234,080,000</u>	<u>60.00%</u>	<u>236,420,800</u>

The Manager's directors' direct unitholding in QCT:

	No. of units	Percentage of total units	Market Value as at 30 June 2010 RM
Dato' Dr. Low Moi Ing, J.P	50,000	0.01%	50,500
Dato' Michael Ong Leng Chun	50,000	0.01%	50,500
Datuk Hj Abdul Karim Bin Abu Bakar	1,000	0.00%	1,010
Datuk Dr. Mohamed Arif Bin Nun	50,000	0.01%	50,500
Aw Hong Boo	50,000	0.01%	50,500

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

The Manager's directors' indirect unitholding in QCT:

	No. of units	Percentage of total units	Market Value as at 30 June 2010 RM
Dato' Dr. Low Moi Ing, J.P	117,040,000 (a)	30.00%	118,210,400
Dato' Michael Ong Leng Chun	117,050,000 (b)	30.00%	118,220,500

(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 30 June 2010 of RM1.01 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 30 June 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 29 July 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: 29 July 2010