



Built To Suit Your Needs.
Space Solution Provider.

OUR MISSION	2
SALIENT FEATURES OF THE FUND	3
PROPERTY PORTFOLIO	4
CHAIRMAN'S STATEMENT	9
STRUCTURE OF ATRIUM REIT	11
BOARD OF DIRECTORS AND MANAGEMENT/ CORPORATE DIRECTORY	12
FINANCIAL STATEMENTS	13
• Manager's Report	
• Statement by Director of the Manager	
• Trustee's Report	
• Balance Sheet	
• Income Statement	
• Statement of Changes in Net Asset Value	
• Cash Flow Statement	
• Notes to the Financial Statements	
Analysis of Unitholdings	38

OUR MISSION

To maximise profits in order to reward Unitholders with an attractive rate of return for their investment through regular and stable distributions and achieving long-term growth in distributions and net asset value per unit.

OUR ACHIEVMENT FOR THE 6 MONTHS OF 2008

With stringent and prudent financial management, we achieved the following results:-

	2008* RM '000	Prospectus# RM '000	2007+ RM '000
Net Income After Tax	5,203	10,104	7,961
Earning Per Unit (Sen)	4.27	8.30	6.54
Distribution to Unitholders	5,055	9,599	7,917
Distribution Per Unit (Sen)	4.15	7.88	6.50
Portfolio Value	154,800	154,800	154,800
Number of properties	4	4	4
Occupancy rate	100%	100%	100%
Net Asset Value (RM/Unit)	0.98	0.99	0.98

* for the period from 1 January 2008 to 30 June 2008

projections for financial year ended 31 December 2008

+ for the period from 2 April 2007 to 31 December 2007

DISTRIBUTIONS SINCE LISTING

	Per Unit
2007	
2nd Quarter	2.0 sen
3rd Quarter	2.2 sen
4th Quarter	2.3 sen
2008	
1st Quarter	2.05 sen
2nd Quarter	2.10 sen

SALIENT FEATURES OF THE FUND

Name of fund	:	Atrium REIT
Fund category	:	Real Estate
Fund type	:	Growth and income
Investment objectives	:	To maximise profits in order to reward Unitholders with annual stable distributions of income and to acquire quality assets to achieve long-term growth in the Net Asset Value per Unit of the Fund
Fund investment strategy	:	Aim to achieve the primary objectives of the Fund by implementing investment and growth strategies such as organic growth strategies, acquisition strategies and financing strategies.
Approved size of Fund	:	121,801,000 Units
Authorised investments	:	<ul style="list-style-type: none">- At least 75% of the total assets of Atrium REIT shall be invested in real estate assets, single purpose companies, real estate-related assets or liquid assets;- At least 50% of the total assets of Atrium REIT must be invested in real estate assets or single purpose companies; and- The balance 25% of the total assets of Atrium REIT may be invested in any other assets (i.e. real estate-related assets, non-real estate-related assets or asset backed securities).
Initial Public Offering Retail Price	:	RM1.00 per Issue Unit
Financial Year End	:	31 December
Distribution policy	:	At least 90% of the distributable income of Atrium REIT shall be distributed semi-annually or at such other intervals as determined by the Managers in its absolute discretion; in arrears.
Borrowing limitations	:	Up to 50% of the total asset value of the Fund at the time the borrowing is incurred.
Revaluation policy	:	The real estates shall be revalued at least once every 3 years from the date of the last valuation (or such other times as required under the Securities Commission Guidelines on REITs), or at any time where the Trustee, the Manager or the independent auditor appointed by Atrium REIT reasonably believes that there has been a significant change in the value of real estates.
Redemption policy	:	Unitholders have no right to request us to repurchase their Units while the Units are listed.
Minimum initial investment	:	Minimum of 100 Units
Minimum additional investments	:	Multiples of 100 Units
Investor profile	:	Suitable for investors who understand the risks related to the real estate industry and expect to benefit from the periodic distribution of income and long term growth of the Fund.
Board lot	:	100 Units per board lot
Quotation	:	Main Board of Bursa Malaysia Securities Bhd
Bursa Malaysia Stock Number	:	ATRIUM 5130

PROPERTY PORTFOLIO

Atrium Real Estate Investment Trust (“Atrium REIT”) is the country’s first and only industrial asset focused REIT that comprises four industrial properties located in prime locations in the Klang Valley, namely Atrium Shah Alam 1, Atrium Shah Alam 2, Atrium Puchong and Atrium Rawang (“Properties”).

Property	Tenure of Land	Occupancy Rate %	Appraised Value RM'000	Acquisition Cost RM'000
Atrium Shah Alam 1	Freehold	100	57,200	57,200
Atrium Shah Alam 2	Freehold	100	49,100	49,100
Atrium Puchong	Freehold	100	39,500	38,500
Atrium Rawang	Freehold	100	12,500	10,000
			158,300	154,800

Atrium REIT was established by a trust deed entered into on 20 November 2006 between Atrium REIT Managers Sdn Bhd and BHLB Trustees Berhad, as manager and trustee, respectively. Atrium REIT was listed on 2 April 2007 on the Main Board of Bursa Malaysia Securities Berhad.

The primary objectives of Atrium REIT are to provide unitholders with an attractive rate of return for their investment through regular and stable distributions of income with the potential for sustainable growth, principally from the ownership of properties, and to achieve long term growth in the units' Net Asset Value.

ABOUT ATRIUM REIT MANAGERS SDN BHD

Atrium REIT Managers Sdn Bhd (“Manager”) was established in 2005 and is a 60%-owned subsidiary of Glory Blitz Industries Sdn Bhd. The Manager’s Board of Directors and key personnel comprise experienced individuals in their respective fields of expertise.

KEY INVESTMENT HIGHLIGHTS OF ATRIUM REIT PROPERTY PORTFOLIO

- Strategic location**
The Properties are all located in prime locations with good accessibilities and infrastructures within Kuala Lumpur and Selangor
- Long term lease arrangement**
With exception of Atrium Shah Alam 2, all the other properties are being leased for periods ranging from 5 to 10 years; reducing the risk to secure new lessees/tenants frequently.
- Occupancy rate**
The Properties are all leased to single Lessees with 100% occupancy rate.
- Tenant profile**
Atrium REITs’ Properties are leased to quality and stable tenants, which are subsidiaries of multinational companies.

Atrium Shah Alam 1



Property	Atrium Shah Alam 1
Address	Lot 1-8, Persiaran Jubli Perak, Seksyen 22, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia
Title details	Lot No. P.T. 14366 held under H.S.(D) No. 80053, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan.
Property type	Industrial
Description	A single storey warehouse and a four storey office building with a total Net Lettable Area measuring 311,736 sq.ft.
Year of completion	2005
Tenure	Freehold
Existing use	Warehouse and office
Parking spaces	191 car bays, 105 motorcycle bays & 30 lorry bays
Date of acquisition	2 April 2007
Cost of acquisition	RM57,200,000
Tenant	Exel Properties (Malaysia) Sdn Bhd
Occupancy	100%
Lease Period	5 years, with option to renew for a further 5 years
Major capital expenditure	Nil
Encumbrances	The property is charged to a financial institution to secure a Short Term Revolving Credit facility of RM 45 million
Limitation in title/interest	None
Latest valuation	RM 57,200,000
Basis of valuation	Income and comparison method
Date of last valuation	29 January 2007
Fair Value adjustment	Nil
Net book value	RM 57,200,000

Atrium Shah Alam 2



Property	Atrium Shah Alam 2
Address	Lot 7A, Persiaran Jubli Perak, Seksyen 22, 40300 Shah Alam , Selangor Darul Ehsan, Malaysia
Title details	Lot No. P.T. 90 held under H.S.(D) No. 188265, Pekan Baru Hicom (formerly Mukim of Damansara), District of Petaling, State of Selangor Darul Ehsan.
Property type	Industrial
Description	A single storey warehouse and a double storey office building with a total Net Lettable Area measuring 258,702 sq.ft.
Year of completion	2004
Tenure	Freehold
Existing use	Warehouse and office
Parking spaces	125 car bays, 129 motorcycle bays & 20 lorry bays
Date of acquisition	2 April 2007
Cost of acquisition	RM49, 100,000
Tenant	CEVA Logistics (Malaysia) Sdn Bhd
Occupancy	100%
Lease Period	N/A*
Major capital expenditure	Nil
Encumbrances	None
Limitation in title/interest	None
Latest valuation	RM 49,100,000
Basis of valuation	Income and comparison method
Date of last valuation	29 January 2007
Fair Value adjustment	Nil
Net book value	RM 49,100,000

* The tenancies for 224,704sq ft have expired. CEVA has been paying rental dues every month, tenancies continue as monthly periodical tenancies. Atrium REIT Managers is in the midst of negotiation with CEVA for further extension. The lease period for the remaining 33,998 sq ft will be expiring in December 2009.

Atrium Puchong



Property	Atrium Puchong
Address	No.2 Jalan PPU 1, Taman Perindustrian Puchong Utama, Batu 12 ½ Jalan Puchong, 47100 Puchong, Selangor Darul Ehsan, Malaysia
Title details	Lot No. 65108 held under Geran No. 44178, Pekan Puchong Perdana (formerly Mukim of Petaling), District of Petaling, State of Selangor Darul Ehsan.
Property type	Industrial
Description	A single storey warehouse and a four storey office building with a total Net Lettable Area measuring 203,994 sq.ft.
Year of completion	2002
Tenure	Freehold
Existing use	Warehouse and office
Parking spaces	129 car bays, 110 motorcycle bays & 30 lorry bays
Date of acquisition	2 April 2007
Cost of acquisition	RM 38,500,000
Tenant	Danzasmal Domestic Logistics Services Sdn Bhd
Occupancy	100%
Lease Period	8 years, with option to renew for a further 2 years
Major capital expenditure	Nil
Encumbrances	None
Limitation in title/interest	None
Latest valuation	RM 39,500,000
Basis of valuation	Income and comparison method
Date of last valuation	29 January 2007
Fair Value adjustment	Nil
Net book value	RM 38,500,000

Atrium Rawang



Property	Atrium Rawang
Address	Lot 23, Rawang Integrated Industrial Park, Jalan Batu Arang, 48000 Rawang, Selangor Darul Ehsan, Malaysia
Title details	Developer's Lot No. 23B held under Master Title Geran No. 57711 for Parent Lot No. 1282, Section 20, Town of Rawang (formerly Mukim of Rawang), District of Gombak, State of Selangor Darul Ehsan.
Property type	Industrial
Description	A double storey office and factory building with a total Net Lettable Area measuring 35,236 sq.ft.
Year of completion	2001
Tenure	Freehold
Existing use	Factory and office
Parking spaces	23 car bays, 15 motorcycle bays & 3 lorry bays
Date of acquisition	2 April 2007
Cost of acquisition	RM10,000,000
Tenant	Unilever Foods (Malaysia)Sdn Bhd
Occupancy	100%
Lease Period	10 years, with option to renew for a further 10 years
Major capital expenditure	Nil
Encumbrances	The property is charged to a financial institution to secure a Short Term Revolving Credit facility of RM 45 million
Limitation in title/interest	None
Latest valuation	RM 12,500,000
Basis of valuation	Income and comparison method
Date of last valuation	29 January 2007
Fair Value adjustment	Nil
Net book value	RM 10,000,000



On behalf of the Board of Directors of Atrium REIT Managers Sdn Bhd (“Manager”), I have the pleasure of presenting to you the Interim Report and the unaudited financial statements of Atrium Real Estate Investment Trust (“Atrium REIT” or “Trust”) for the financial period ended 30 June 2008.

CHAIRMAN'S STATEMENT

Financial Performance

For the financial period from 1 January 2008 to 30 June 2008, Atrium REIT achieved a net property income of RM6.38 million and a net income after tax of RM5.20 million, out performing the projections in the Trust's Initial Public Offering Prospectus dated 28 February 2007 ("Prospectus") by approximately 2.99% on an annualised basis.

Distribution to Unitholders

The Board of Directors of Atrium REIT Managers Sdn Bhd and the Trustee, BHLB Trustee Berhad has approved an interim distribution of 2.10 sen per unit for financial period ended 30 June 2008, which will be paid on 29 August 2008. The Trust has distributed 2.05 sen per unit in respect of the 3 months' financial period from 1 January 2008 to 31 March 2008, resulting in a total distribution per unit ("DPU") of 4.15 sen per unit for the period under review. This represents an annualised distributable yield (ADY) of approximately 8.06% based on the IPO price of RM1.03 per unit (for institutional investors), 7.32% higher than projected yield of 7.51% as shown in the Prospectus.

This is in line with the Trust's objective of maximising profit in order to reward Unitholders with attractive and stable distributions of income.

Operations Review

During the period under review, all the existing Properties owned by Atrium REIT maintained an occupancy rate of 100%. The existing Properties are all located in established industrial parks within the Klang Valley, with good infrastructures and easy accessibilities with well planned service roads and interchanges to Federal Highway and the various Expressways.

On 10 October 2007, the Trustee, acting on behalf of Atrium REIT entered into a Sale and Purchase Agreement with Yong Jin Development Sdn. Bhd. ("Vendor") to acquire a factory warehouse cum office property in Senai, Johor for a total consideration of RM12,500,000 on a willing-buyer willing-seller basis. However, certain conditions precedent could not be met and as such, the Manager has decided to terminate the Sale and Purchase Agreement.

All monies paid under the Sale and Purchase Agreement to the Vendor's solicitors as stakeholders has been refunded to Atrium REIT. The funds allocated for this acquisition shall be utilized for other acquisitions in the pipeline.

On 9 June 2008, the Trust appointed Azmi & Co. Building Services Sdn. Bhd. ("Azmi & Co.") as the Property Management Company for the Trust's portfolio of property. Azmi & Co. brings with them a wealth of experience in property management services with clientele in residential, commercial, retail and industrial sectors throughout Malaysia since 1999.

Overview of the Property Market

The Malaysian economy remained resilient with a growth of 7.1% in the first quarter of 2008 (Q4 2007: 7.3%), buoyed by strong domestic demand attributed to improved disposable income following the public sector salary revision and firm commodity prices as well as stable labour market conditions.

(Source: ministry of finance-malaysian economy 1st Quarter 2008)

Malaysian property market remained buoyant in 2007. The market recorded 309,455 transactions valued at RM77.14 billion during the year. The transaction volume recorded a 9.0% increase (2006: 283,897 transactions) whilst value grew by 25.2% (2006: RM61.60 billion) against 2006. Generally all subsectors recorded increases in market activities. The industrial sub-sector was the least significant sector in the property market accounting for 2.6% and 9.2% of the volume and value of transactions respectively. There were 7,919 transactions worth RM7.08 billion recorded. Compared to 2006, the volume increased by 10.2% (2006: 7,186 transactions) whilst value rose by 17.3% (2006: RM6.04 billion).

Future Prospects

Global growth for 2008 is expected to moderate to 3.7% (2007: 4.9%), arising from higher oil prices and inflationary pressures as well as a protracted slowdown in the US economy. On the domestic front, the Malaysian GDP is expected to slow down to between 5.0% to 6.0% in the remaining quarters of 2008. Growth is expected to be supported by strong domestic demand and investment activities. On the supply side, robust services, commodities, construction and mining sectors are expected to drive growth.

We remain optimistic about the prospects of the property market and the Malaysian economy. Domestic demand will be propped up by intensification of implementation of projects under the Ninth Malaysia Plan (9MP) and the economic corridors, providing a partial cushion to the faltering global economy.

The Manager remains firmly committed and confident to ensure that the Trust continue to maximise its profit and distribution to Atrium REIT Unitholders for 2008. We will continue to ensure the Trust continue to grow by actively explore acquisition opportunities of suitable properties both from the promoter and third parties, ensuring that all acquisitions are yield-accretive, in prime locations and of quality.

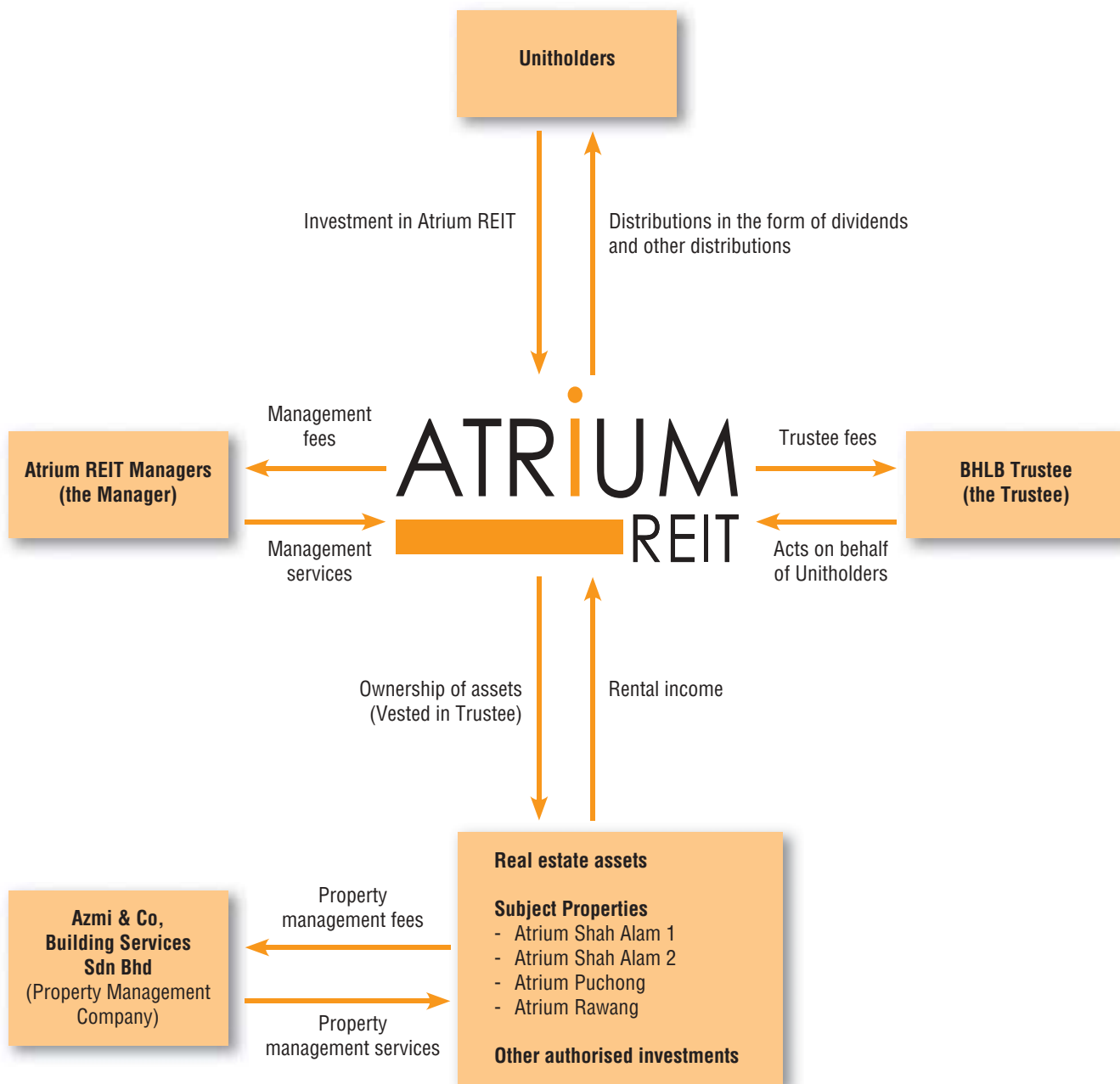
Dato' Zakaria Meranun Chairman

Atrium REIT Managers Sdn Bhd

Date : 21 July 2008

STRUCTURE OF ATRIUM REIT

The following diagram illustrates the structure of Atrium REIT and indicates the relationships between Atrium REIT, the Manager, the Property Management Company, the Trustee and the Unitholders:



BOARD OF DIRECTORS AND MANAGEMENT/ CORPORATE DIRECTORY

BOARD OF DIRECTORS AND MANAGEMENT OF THE MANAGER

BOARD OF DIRECTORS

Dato' Zakaria Meranun

Chairman and Non-Independent Non-Executive Director

Wong Sui Ee

Chief Executive Officer and Non-Independent Executive Director

Lim Kok How

Non-Independent Executive Director

How Hu Son

Independent Non-Executive Director

Tor Peng Sie

Independent Non-Executive Director

Soong Kwong Heng

Independent Non-Executive Director

COMPANY SECRETARY

Ho Hea Ming

MANAGEMENT

Wong Sui Ee

Chief Executive Officer and Executive Director

Lim Kok How

Executive Director

Chan Kum Chong

Chief Operating Officer

Lee Hooi Hoong

Chief Financial Officer

Cheong Sok Kam

Corporate Affairs Manager

Sum Lai Fern

Property Manager

MANAGER

Atrium REIT Managers Sdn Bhd (710526-V)

Principal place of business:

36-2, Jalan 5/101C, Off Jalan Kaskas

Jalan Cheras

56100 Kuala Lumpur

Tel: 03-9132 2810 Fax: 03-9132 9810

Website: www.atriumreit.com.my

REGISTERED OFFICE:

18-4-2, Jalan 5/101C

Cheras Business Centre

Taman Cheras

56100 Kuala Lumpur

Tel: 03-9132 3369 Fax: 03-9132 2369

TRUSTEE

BHLB Trustee Berhad (313031-A)

Principal place of business

Level 7 Bangunan ARB

Jalan Semantan

Damansara Heights

50490 Kuala Lumpur

Tel: 03-2084 8888 Fax: 03-2095 5473

REGISTRAR

Bina Management (M) Sdn Bhd (50164-V)

Lot 10, The Highway Centre

Jalan 51/205

46050 Petaling Jaya

Tel: 03-7784 3922 Fax: 03-7784 1988

AUDITORS

BDO Binder

Chartered Accountants

PRINCIPAL BANKER

Malayan Banking Berhad

PROPERTY MANAGEMENT COMPANY

Azmi & Co. Building Services Sdn Bhd (475267-U)

BURSA MALAYSIA STOCK NAME AND CODE

ATRIUM 5130

FINANCIAL STATEMENTS

MANAGER'S REPORT	14
STATEMENT BY DIRECTORS OF THE MANAGER	20
TRUSTEE'S REPORT	21
BALANCE SHEET	22
INCOME STATEMENT	23
STATEMENT OF CHANGES IN NET ASSET VALUE	24
CASH FLOW STATEMENT	25
NOTES TO THE FINANCIAL STATEMENTS	26

MANAGER'S REPORT

Atrium REIT Managers Sdn Bhd, the Manager of Atrium Real Estate Investment Trust ("Atrium REIT"), is pleased to present the Manager's Report on Atrium REIT together with the unaudited financial statements of Atrium REIT for the six months financial period ended 30 June 2008

PRINCIPAL ACTIVITY OF THE MANAGER

The principal activity of the Manager is the management of real estate investment trusts. There has been no significant change in the nature of this activity during the financial period.

THE TRUST AND ITS INVESTMENT OBJECTIVES

Atrium REIT was established by a trust deed entered into on 20 November 2006 between the Manager and BHLB Trustee Berhad ("Trustee"). Atrium REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 2 April 2007.

The investment objective of Atrium REIT is to own and invest in real estate and real estate-related assets, whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate. As at 30 June 2008, Atrium REIT owns Atrium Shah Alam 1, Atrium Shah Alam 2, Atrium Puchong and Atrium Rawang (the "Properties"), logistic warehouses and factory complex, located at prime sites and tenanted by subsidiaries of multinational companies on long term secured leases.

MANAGER'S INVESTMENT OBJECTIVES AND STRATEGIES

The Manager's investment objectives are to maximise profits in order to reward Unitholders annually 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 intends to achieve Atrium REIT's investment objectives through three key strategies:-

(i) Organic Growth Strategy

The Manager's strategy involves proactive asset management, maximising tenant retention and creating leasing opportunities and strong budgetary controls to maximise returns.

ii) Acquisition strategy

The Manager seeks to increase cashflows and yields, together with growth in distribution per unit and NAV per unit through selective acquisitions.

In evaluating acquisition opportunities, the Manager will focus on the following investment criteria:

- yield accretive;
- quality of tenant;
- location;
- capital appreciation;
- land tenure;
- building designs and specifications; and
- nature of the tenant's business.

The Manager intends to hold the Properties on a long-term basis. However, in the future, if any of the Properties' value has been maximised, the Manager may dispose the property and use a portion of the proceeds to invest in new real estates with better yields and growth potential. The remaining portion of the proceeds attributable to the capital gains due to the disposal will be distributed to Unitholders.

iii) Financing strategy

The Manager will comply with the provisions of the Deed and the Securities Commission Guidelines on Real Estate Investment Trusts ("REIT") in relation to the maximum level of permitted borrowings which is set at 50% or any other percentage as stipulated by the REIT Guidelines from time to time, of its total asset value.

MANAGER'S REPORT

MANAGER'S INVESTMENT OBJECTIVES AND STRATEGIES

The Manager intends to use a combination of debt and equity to fund future acquisitions. If it is deemed appropriate and in compliance with the SC Guidelines on REITs, a hedging strategy to manage the risks associated with changes in interest rates relating to its borrowings may be adopted. Borrowings can be in the form of bank borrowings or through the issuance of commercial papers/bonds where Atrium REIT will have to be rated.

INVESTMENT POLICIES AND COMPLIANCE WITH REIT GUIDELINES

(i) Investment limits and restrictions

Atrium REIT's investments may be allocated in the following manner, as prescribed by the REIT Guidelines:

- (a) at least 75% of Atrium REIT's total assets shall be invested in real estate, single-purpose companies whose principal assets comprise real estate, real estate-related assets and/or liquid assets;
- (b) at least 50% of Atrium REIT's total assets must be invested in real estate and/or single-purpose companies whose principal assets comprise real estate; and
- (c) the remaining 25% of Atrium REIT's total assets may be invested in real estate-related assets, non real estate-related assets and/or asset-backed securities.

(ii) Authorised Investments

Atrium REIT is allowed to invest in real estate, single-purpose companies whose principal assets comprise real estate, real estate-related or non real estate-related assets, liquid assets, asset-backed securities, listed or unlisted debt securities, and any other investment which is permissible under the REIT Guidelines or otherwise permitted by the Securities Commission.

Atrium REIT invests primarily in strategically located properties tenanted to logistics companies and manufacturers and will continue to look for opportunities in these types of properties. However, Atrium REIT may also look into other properties used for other purposes that will provide attractive returns.

Review of Performance

	As at 30 June 2008	As at 31 December 2007
Net asset value (RM'000)	119,544	119,396
Units in circulation (units) ('000)	121,801	121,801
Net asset value per unit (RM)	0.981	0.980

Comparison of Results

	1.1.2008 to 30.6.2008 RM'000	2.4.2007 to 31.12.2007 RM'000
Net revenue	6,846	10,141
Income after taxation	5,203	7,961
Income distribution	5,055	7,917
Distribution per unit (sen)	4.15	6.50
Distribution yield (%)*	10.71	8.67
Management Expenses Ratio (%)	0.45	0.53

*Annualised and based on market price at the end of financial period

MANAGER'S REPORT

DISTRIBUTION OF INCOME

The Manager has declared an interim income distribution of 2.05 sen per unit, totaling RM2,496,920, in respect of the first financial quarter ended 31 March 2008, which was paid on 30 May 2008. In respect of the second financial quarter ended 30 June 2008, the Manager proposes an interim distribution of 2.10 sen per unit, giving an aggregate distribution of 4.15 sen per unit for the 6 months financial period ended 30 June 2008, which translates to an annualised yield of 10.71% based on the closing market price of RM0.775 as at 30 June, 2008.

The consistent distribution of income for the last five quarters is in line with the objectives of Atrium REIT to deliver regular and stable distributions to unitholders.

The effect of the income distribution in terms of NAV per unit as at 30 June 2008 is as follows:

	As at 30 June 2008 RM	As at 31 December 2007 RM
NAV per unit - before distribution	1.0025	1.0033
NAV per unit - after distribution	0.9815	0.9803

Investment of Atrium Reit

Atrium REIT's composition of investment as at 30 June 2008 is as follows:

	RM Million	%
Stated at cost		
Atrium Shah Alam 1	57.2	33
Atrium Shah Alam 2	49.1	29
Atrium Puchong	38.5	22
Atrium Rawang	10.0	6
	154.8	90
Deposits with financial institution	16.7	10
	171.5	100

BREAKDOWN OF UNIT HOLDINGS

	No. of Unitholders	No. of Units
5,000 and below	1,086	2,155,800
5,001 to 10,000	243	1,964,200
10,001 to 50,000	340	8,193,400
50,001 to 500,000	106	15,312,900
500,001 and above	33	94,174,700
	1,808	121,801,000

MANAGER'S REPORT

DIRECTORS OF THE MANAGER

The names of the Directors of the Manager who served on the Board since the date of last report are:

Dato' Zakaria Meranun (Chairman)
Wong Sui Ee
Lim Kok How
Tor Peng Sie
How Hu Son
Soong Kwong Heng

DIRECTORS' BENEFITS

During and at the end of the financial period, no arrangement subsisted to which the Manager is a party with the object or objects of enabling the Directors to acquire benefits by means of acquisition of units in or debentures of Atrium REIT or any other body corporate.

Since the establishment of the Trust, no Director has received or become entitled to receive any benefits by reason of a contract made by the Manager for Atrium REIT or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the notes to the financial statements.

DIRECTORS' INTEREST

According to the register of Directors' unitholdings, the interests of Directors of the Manager in office at the end of the financial period ended 30 June 2008 are as follows:

	At 1 January 2008	Bought	Sold	At 30 June 2008
Direct Interest				
Dato' Zakaria Meranun	200,000	-	-	200,000
Wong Sui Ee	200,000	-	-	200,000
Lim Kok How	200,000	-	-	200,000
Tor Peng Sie	100,000	-	-	100,000
How Hu Son	100,000	-	-	100,000
Soong Kwong Heng	50,000	-	-	50,000
Indirect Interest				
Lim Kok How*	5,000,000	-	-	5,000,000

* Deemed interest by virtue of his direct shareholdings in Vivid Images Sdn Bhd

MANAGER'S REPORT

MANAGER'S FEES AND COMMISSION

Pursuant to the Trust Deed, for the Financial Years ending 31 December 2008 and 31 December 2009, the Manager shall receive a fee of 0.5% per annum of the Net Asset Value of the Trust. Thereafter, the Manager is entitled to receive a fee of up to 1.0% per annum of the Net Asset Value of the Trust.

During the period, the Manager did not receive any soft commission (i.e. goods and services) from its broker, by virtue of transactions conducted by Atrium REIT.

OTHER STATUTORY INFORMATION

Before the income statement and balance sheet of the Trust were made out, the Manager took reasonable steps:

- (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
- (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Manager is not aware of any circumstances which would render:

- (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Trust; and
- (ii) the values attributed to the current assets in the financial statements of the Trust misleading.

At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Trust misleading or inappropriate.

At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Trust which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Trust which has arisen since the end of the financial period which secures the liability of any other person; or
- (ii) any contingent liability of the Trust which has arisen since the end of the financial period.

In the opinion of the Directors of the Manager:

- (i) the results of the operations of Atrium REIT during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Trust for the financial period in which this report is made.

MANAGER'S REPORT

SIGNIFICANT EVENT

Termination of Purchase of Property at Lot PLO 226A, Senai Industrial Park, Phase III, Senai, Johor

On 10 October 2007, the Trustee, acting on behalf of Atrium Real Estate Investment Trust ("Atrium REIT") entered into a Sale and Purchase Agreement with Yong Jin Development Sdn. Bhd. to acquire a factory warehouse cum office property in Senai, Johor for a total consideration of RM12,500,000 on a willing-buyer willing-seller basis. However, certain conditions precedent could not be met and as such, Atrium REIT Managers Sdn Bhd has decided to terminate the Sale and Purchase Agreement.

All monies paid under the Sale and Purchase Agreement to the Vendor's solicitors as stakeholders has been refunded to Atrium REIT. The funds allocated for this acquisition shall be utilized for other acquisitions in the pipeline.

Signed on behalf of the Board in accordance with a resolution of the Directors of the Manager.

Wong Sui Ee

Kuala Lumpur, Malaysia
Date: 21 July 2008

Lim Kok How

STATEMENT BY DIRECTORS OF THE MANAGER

In the opinion of the Directors of the Manager, the unaudited financial statements set out on pages 22 to 37 have been drawn up in accordance with the provisions of the Trust Deed dated 20 November 2006, the Securities Commission's Guidelines on Real Estate Investment Trusts, applicable securities laws and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of Atrium Real Estate Investment Trust as at 30 June 2008 and the results of its operations and cash flows for the financial period ended on that date.

Signed on behalf of the Manager,
Atrium REIT Managers Sdn. Bhd.
in accordance with a resolution of the Directors of the Manager

.....
Wong Sui Ee

Kuala Lumpur
21 July 2008

.....
Lim Kok How

TRUSTEE'S REPORT

To the Unitholders of Atrium Real Estate Investment Trust

We have acted as Trustee of Atrium Real Estate Investment Trust (the "Trust") for the period ended 30 June 2008. To the best of our knowledge, Atrium REIT Managers Sdn. Bhd. (the "Manager") has managed the Trust for the period then ended:

- a) in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Trust Deed, other applicable provisions of the Trust Deed, the Securities Commission's Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws; and
- b) the distributions to the Unitholders of Atrium REIT are in line and reflective of the objectives of the Trust.

For BHLB Trustees Berhad

Jeslin Ng

Kuala Lumpur, Malaysia
21 July 2008

BALANCE SHEET

AS AT 30 JUNE 2008 (UNAUDITED)

		30.6.2008	(AUDITED) AS AT 31.12.2007
	NOTE	RM	RM
ASSETS			
Investment properties	5	154,800,000	154,800,000
Other receivables	6	1,821,128	1,659,636
Deposits placed with licensed financial institutions	7	16,667,585	16,564,568
Cash and bank balances		19,023	372,658
		<hr/>	<hr/>
TOTAL ASSETS		173,307,736	173,396,862
		<hr/>	<hr/>
LIABILITIES			
Trade and other payables	8	7,505,961	7,499,749
Provision for income distribution	9	2,557,821	2,801,423
Borrowings	10	43,700,000	43,700,000
		<hr/>	<hr/>
TOTAL LIABILITIES		53,763,782	54,001,172
		<hr/>	<hr/>
NET ASSET VALUE		119,543,954	119,395,690
		<hr/>	<hr/>
FINANCED BY:			
UNITHOLDERS' FUNDS			
Unitholders' capital	11	119,351,580	119,351,580
Undistributed income		192,374	44,110
		<hr/>	<hr/>
TOTAL UNITHOLDERS' FUNDS		119,543,954	119,395,690
		<hr/>	<hr/>
NUMBER OF UNITS IN CIRCULATION	11	121,801,000	121,801,000
		<hr/>	<hr/>
NET ASSET VALUE PER UNIT			
- before income distribution		1.0025	1.0033
- after income distribution		0.9815	0.9803

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2008 (UNAUDITED)

	NOTE	1.1.2008 to 30.6.2008 RM	(AUDITED) 2.4.2007 to 31.12.2007 RM
Gross revenue	13	6,845,575	10,140,742
Property expenses	14	(469,215)	(663,493)
Net rental income		6,376,360	9,477,249
Interest income		258,622	328,321
Gain on disposal of bond fund		-	132,636
Total income		6,634,982	9,938,206
Trust expenses			
Manager's fees	15	(301,460)	(457,265)
Trustee's fees	16	(24,117)	(36,581)
Auditors' fee		(6,300)	(12,500)
Tax agent's fee		(2,520)	(5,000)
Borrowing cost	17	(889,038)	(1,330,156)
Valuation fee		-	(25,000)
Administrative expenses		(91,046)	(65,405)
Others		(117,496)	(45,124)
Total expenses		(1,431,977)	(1,977,031)
Income before taxation		5,203,005	7,961,175
Taxation	18	-	-
Net income for the period		5,203,005	7,961,175
Net income for the period is made up as follows:			
Realised		5,203,005	7,961,175
Unrealised		-	-
		5,203,005	7,961,175
Earnings per unit (sen)	19		
- after manager's fees		4.27	6.54
- before manager's fees		4.52	6.91
Net income distributions	20		
- paid		2,496,920	5,115,642
- proposed		2,557,821	2,801,423
		5,054,741	7,917,065
Income distribution per unit	20		
Gross (sen): - interim		4.15	4.20
- final		-	2.30
Net (sen)*: - interim		4.15	4.20
- final		-	2.30

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

Resident corporate	-	tax at prevailing rate
Resident non-corporate	-	withholding tax 15%
Non-resident individual	-	withholding tax 15%
Non-resident corporate	-	withholding tax 26%
Non-resident institutional	-	withholding tax 20%

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE PERIOD ENDED 30 JUNE 2008 (UNAUDITED)

	Note	Unitholders' capital RM	--Distributable-- Undistributed income - realised RM	Total unitholders' funds RM
At 2 April 2007 (date of commencement)		1,000	-	1,000
Operations for the period from 2 April 2007 to 31 December 2007				
Net income for the period		-	7,961,175	7,961,175
Increase in net assets resulting from operations		-	7,961,175	7,961,175
Unitholders' transactions				
Creation of units		121,800,000	-	121,800,000
Establishment and issue expenses	21	(2,449,420)	-	(2,449,420)
Distribution to unitholders:				
- paid	20	-	(5,115,642)	(5,115,642)
- provision	20	-	(2,801,423)	(2,801,423)
Increase in net assets resulting from unitholders' transaction		119,350,580	(7,917,065)	111,433,515
At 31 December 2007		119,351,580	44,110	119,395,690
At 1 January 2008	Note 11	119,351,580	44,110	119,395,690
Operations for the period from 1 January 2008 to 30 June 2008				
Net income for the period		-	5,203,005	5,203,005
Increase in net assets resulting from operations		-	5,203,005	5,203,005
Unitholders' transactions				
Distribution to unitholders:				
- paid		-	(2,496,920)	(2,496,920)
- provision		-	(2,557,821)	(2,557,821)
Decrease in net assets resulting from unitholders' transaction		-	(5,054,741)	(5,054,741)
At 30 June 2008		119,351,580	192,374	119,543,954
	Note 11			

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2008 (UNAUDITED)

	1.1.2008 to 30.6.2008 RM	(AUDITED) 2.4.2007 to 31.12.2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before taxation	5,203,005	7,961,175
Adjustments for:		
Gain on disposal of bond fund	-	(132,636)
Interest income	(258,622)	(328,321)
Interest expense	889,038	1,330,156
Operating income before working capital changes	5,833,421	8,830,374
(Increase)/Decrease in working capital:		
Other receivables	(161,492)	(1,659,636)
Trade and other payables	6,212	7,499,749
Net cash generated from operating activities	5,678,141	14,670,487
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment properties	-	(154,800,000)
Interest income	258,622	328,321
Investment in bond fund	-	(8,000,000)
Proceeds from disposal of bond fund	-	8,132,636
Net cash generated from / (used in) investing activities	258,622	(154,339,043)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(889,038)	(1,330,156)
Proceeds from issue of units	-	121,801,000
Proceeds from borrowings	-	43,700,000
Distributions paid to unitholders	(5,298,343)	(5,115,642)
Establishment and issue expenses	-	(2,449,420)
Net cash (used in) / generated from financing activities	(6,187,381)	156,605,782
Net (decrease) / increase in cash and cash equivalents	(250,618)	16,937,226
Cash and cash equivalents at date of commencement	16,937,226	-
Cash and cash equivalents at end of period	16,686,608	16,937,226
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Cash and bank balances	19,023	372,658
Deposits placed with licensed financial institutions	16,667,585	16,564,568
	16,686,608	16,937,226

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Atrium Real Estate Investment Trust (“Atrium REIT” or “Trust”) is a Malaysia-domiciled real estate investment trust constituted pursuant to the Trust Deed (“Deed”) dated 20 November 2006 between the Atrium REIT Managers Sdn. Bhd. (“Manager”) and BHLB Trustees Berhad (“Trustee”).

Atrium REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 2 April 2007. The principal activity of Atrium REIT is investment in real estate and real estate-related assets used whether directly or indirectly through the ownership of single-purpose companies which wholly own real estate. There has been no significant change in the nature of this activity during the financial period.

2. TERM OF THE TRUST

Atrium REIT will continue its operation until such time as determined by the Trustee and the Manager as provided under the provision of Clause 19 of the Deed.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

3.1 Statement of compliance

The financial statements of Atrium REIT have been prepared in accordance with the provisions of the Trust Deed dated 20 November 2006, the Securities Commission’s Guidelines on Real Estate Investment Trusts, applicable securities laws, applicable approved Financial Reporting Standards (“FRS”) and accounting principles generally accepted in Malaysia.

The Malaysia Accounting Standards Board (“MASB”) has issued a number of new and revised Financial Reporting Standards that are effective for accounting periods beginning on or after 1 January 2006. In this set of financial statements, Atrium REIT has adopted FRS 117, Leases and FRS 124, Related Party Disclosures which are effective for annual periods beginning on or after 1 October 2006. The MASB has also issued FRS 139, Financial Instruments: Recognition and Measurement but for which the MASB has yet to announce the effective date of this standard. Atrium REIT has not adopted FRS 139 and by virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

MASB also issued FRS 6, Exploration for and Evaluation of Mineral Resources and Amendment to FRS 119 ²⁰⁰⁴, Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures which will be effective for annual periods beginning on or after 1 January 2007 and which is not applicable to Atrium REIT. Hence, no further disclosure is warranted.

At the date of authorisation of these financial statements, the following FRS, Amendments to FRS and Issues Committee (“IC”) Interpretation were issued. The Trust has not elected to early adopt them.

- FRS 107: Cash Flow Statements
- FRS 111: Construction Contracts
- FRS 112: Income Taxes
- FRS 118: Revenue
- FRS 119: Employee Benefits
- FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- FRS 126: Accounting and Reporting by Retirement Benefit Plans
- FRS 129: Financial Reporting in Hyperinflationary Economies
- FRS 134: Interim Financial Reporting
- FRS 137: Provisions, Contingent Liabilities and Contingent Assets
- Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
- IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IC Interpretation 2: Members’ Shares in Co-operative Entities and Similar Instruments

NOTES TO THE FINANCIAL STATEMENTS

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

3.1 Statement of compliance (continued)

- IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IC Interpretation 6: Liabilities arising from Participating in a Specific Market Waste Electrical and Electronic Equipment
- IC Interpretation 7: Applying the Restatement Approach under FRS 129 – Financial Reporting in Hyperinflationary Economies
- IC Interpretation 8: Scope of FRS 2

The abovementioned FRS, Amendments to FRS and IC Interpretation will become effective for financial statements covering periods beginning on or after 1 July 2007 except for the renamed accounting standards i.e. FRS 119, FRS 126 and FRS 129 which have the same effective dates as their original standards.

The adoption of the above is not expected to have any significant financial impact on the Trust's financial statements upon their initial application.

3.2 Basis of measurement

The financial statements of the Trust have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies.

3.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia, which is the Trust's functional currency.

3.4 Use of estimates and judgements

The preparation of financial statements requires the Directors of the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities income and expenses.

Although these estimates and assumptions are based on the Manager's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and underlying assumptions are assessed on an ongoing basis.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to the period presented in these financial statements.

4.1 Investment properties

Investment properties consist of freehold land and buildings held for investment potential and rental income.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Investment properties (continued)

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

4.2 Financial instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Trust has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

4.2.1 Receivables

Trade and other receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

4.2.2 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and deposits placed with licensed financial institutions which are subject to insignificant risk of changes in value.

4.2.3 Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

4.2.4 Borrowings

Borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

4.3 Income tax

Income tax on the profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amounts of assets and liabilities at the balance sheet date and their related tax bases. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unabsorbed tax losses and unutilised capital allowances can be utilised.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Provisions and contingent liabilities

A provision is recognised when it is probable that an outflow of resources embodying economic benefit will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

Provision for income distribution is recognised when any distribution is declared, determined or publicly recommended by the Directors of the Manager but not distributed at the balance sheet date.

A contingent liability is disclosed, unless the possibility that an outflow of resources embodying economic benefits is remote except for cases where the amount involved is material and the Directors are of the opinion that disclosure is appropriate.

4.5 Revenue recognition

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

4.5.1 Rental income

Rental income is recognised in the income statement as they accrue over the period of the rental.

4.5.2 Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the assets.

4.6 Expenses

4.6.1 Property expenses

Property expenses consist of property management fees, quit rent, assessment and other outgoings in relation to investment properties where such expenses are the responsibility of the Atrium REIT. Property management fees are recognised on an accrual basis.

4.6.2 Interest expense

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

4.6.3 Establishment and issue expenses

Establishment expenses represent expenses incurred in establishing and listing the Trust and issue expenses relate to expenses incurred in the issuance and placement of additional units in the Trust. These expenses are deducted directly against unitholders' capital.

4.6.4 Manager's and Trustee's fees

The Manager's and Trustee's fees are recognised on an accrual basis.

5. INVESTMENT PROPERTIES

	30.6.2008 RM	31.12.2007 RM
At 1 January 2008/2 April 2007 (date of commencement)	154,800,000	-
Acquisitions during the financial period	-	154,800,000
At end of financial period	<u>154,800,000</u>	<u>154,800,000</u>

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES

Description of property	Tenure of land	Location	Existing use	Occupancy rate	Date of valuation	Fair value RM	Acquisition cost RM	Percentage of fair value over Net Assets Value %
Atrium Shah Alam 1*	Freehold	Shah Alam	Industrial	100%	29.1.2007	57,200,000	57,200,000	47.8
Atrium Shah Alam 2	Freehold	Shah Alam	Industrial	100%	29.1.2007	49,100,000	49,100,000	41.1
Atrium Puchong	Freehold	Puchong	Industrial	100%	29.1.2007	39,500,000	38,500,000	33.0
Atrium Rawang*	Freehold	Rawang	Industrial	100%	29.1.2007	12,500,000	10,000,000	10.5
						158,300,000	154,800,000	

The properties were valued by Azmi & Co Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estates Agents Malaysia, using income and comparison methods of valuation.

The title deed of Atrium Rawang is pending issuance by the relevant authority.

* Two of the properties are charged to a financial institution for bank facilities granted to Atrium REIT.

6. OTHER RECEIVABLES

	30.6.2008 RM	31.12.2007 RM
Other receivables	10,326	17,537
Deposits	1,613,320	1,613,320
Prepayments	197,482	28,779
	1,821,128	1,659,636

Included in Deposits is the deposit of RM1,250,000 paid upon the execution of the sale and purchase agreement for the proposed acquisition of a factory warehouse cum office property in Senai, Johor which was subsequently terminated and the deposit with interest earned thereon had been fully refunded by stakeholder on 15 July 2008 (Note 28).

7. DEPOSITS PLACED WITH LICENSED FINANCIAL INSTITUTIONS

The deposits were placed with financial institutions at interest rates ranging from 3.15% to 3.52% (31.12.2007: 3.35% to 3.46%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER PAYABLES

	30.6.2008 RM	31.12.2007 RM
Trade payables	37,833	16,512
Other payables and accrued expenses	412,510	427,619
	<hr/> 450,343	<hr/> 444,131
Tenants' deposits		
- payable within 12 months	953,962	953,962
- payable after 12 months	6,101,656	6,101,656
	<hr/> 7,055,618	<hr/> 7,055,618
	<hr/> 7,505,961	<hr/> 7,499,749

Included in other payables and accrued expenses are amount owing to the Manager and the Trustee of RM50,079 (31.12.2007: RM50,726) and RM4,006 (31.12.2007: RM4,058) respectively which are unsecured, interest free and payable monthly in arrears.

9. PROVISION FOR INCOME DISTRIBUTION

	30.6.2008 RM	31.12.2007 RM
At 1 January 2008/2 April 2007 (date of commencement)	-	-
Provision made during the period	2,557,821	2,801,423
	<hr/> 2,557,821	<hr/> 2,801,423
At end of financial period	<hr/> 2,557,821	<hr/> 2,801,423

During the financial period ended 30 June 2008, the Manager proposed an interim distribution of 2.10 sen per unit totaling RM2,557,821 (31.12.2007: proposed final distribution of 2.30 sen per unit totaling RM2,801,423).

10. BORROWINGS

	30.6.2008 RM	31.12.2007 RM
Short Term Revolving Credit ("STRC") - secured	43,700,000	43,700,000
	<hr/> 43,700,000	<hr/> 43,700,000

The STRC facility is secured by way of a first party legal charge over Atrium Shah Alam 1 and a deed of assignment over Atrium Rawang. The repayment of STRC facility will be reviewed on annual basis up to a maximum tenure of five (5) years from the date of the full drawdown on 5 April 2007 and/or upon disposal of the relevant properties whichever is earlier.

The STRC facility interest is 4.08% (2007: 4.04% to 4.28%) per annum during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

11. UNITHOLDERS' CAPITAL

	30.6.2008 Number of Units	31.12.2007 Number of Units
Authorised:		
At beginning/end of financial period	121,801,000	121,801,000
Issued and fully paid:		
	30.6.2008 RM	31.12.2007 RM
At 1 January 2008/2 April 2007 (date of commencement)	119,351,580	1,000
Issue of new units		
- 121,800,000 units of RM1.00 each upon initial public offering	-	121,800,000
- Establishment and issue expenses (Note 21)	-	(2,449,420)
At end of financial period	119,351,580	119,351,580

12. UNITHOLDINGS OF DIRECTORS AND THEIR RELATED PARTIES

As at 30 June 2008, the Manager did not hold any units in Atrium REIT. However, the Directors of the Manager and related parties held units in Atrium REIT as follows:

	Number of unit held	30.6.2008 Percentage of total Units %	Market value RM
Direct unit holdings in Atrium REIT			
Directors of the Manager:			
Dato' Zakaria Meranun	200,000	0.16	155,000
Wong Sui Ee	200,000	0.16	155,000
Lim Kok How	200,000	0.16	155,000
Tor Peng Sie	100,000	0.08	77,500
How Hu Son	100,000	0.08	77,500
Soong Kwong Heng	50,000	0.04	38,750
Related parties of the Manager:			
Glory Blitz Industries Sdn. Bhd.	18,797,000	15.43	14,567,675
Sparkle Skyline Sdn. Bhd.	30,708,800	25.21	23,799,320
Vivid Images Sdn. Bhd.	5,000,000	4.11	3,875,000

The market value is determined by multiplying the number of units with the market price of RM0.775 as at 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS

13. GROSS REVENUE

Gross rental revenue represents rental income received from the rental of investment properties.

14. PROPERTY EXPENSES

	1.1.2008 To 30.6.2008 RM	2.4.2007 To 31.12.2007 RM
Property management fees	95,345	144,078
Assessment and quit rent	224,878	310,060
Insurance and others	148,992	209,355
	<hr/> 469,215	<hr/> 663,493

The property management fee is based on scaled fee as prescribed under the Valuers, Appraisers and Estate Agent Act 1981 with permissible discounts.

15. MANAGER'S FEES

Pursuant to the Trust Deed, for the financial period ended 31 December 2007 until 31 December 2009, the Manager shall receive a fee of 0.5% per annum of the Net Asset Value ("NAV") of the Trust. Thereafter, the Manager is entitled to receive a fee of up to 1.0% per annum of the NAV of the Trust.

16. TRUSTEE'S FEES

Pursuant to the Trust Deed, the Trustee is entitled to receive a fee of 0.04% per annum of the NAV of the Trust, subject to a minimum fee of RM40,000 per annum.

17. BORROWING COST

	1.1.2008 To 30.6.2008 RM	2.4.2007 To 31.12.2007 RM
Interest expense on STRC facility (Note 10)	889,038	1,330,156
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

18. TAXATION

	1.1.2008 To 30.6.2008 RM	2.4.2007 To 31.12.2007 RM
Current tax expense	-	-
Reconciliation of effective tax expense		
Income before taxation	5,203,005	7,961,175
Income tax using Malaysian tax rate of 26% / 27%	1,352,781	2,149,517
Non-deductible expenses	21,372	23,127
Effect of income exempted from tax	(1,374,153)	(2,172,644)
Tax expense	-	-

19. EARNINGS PER UNIT

- (a) The earnings per unit after manager's fee has been calculated based on income after taxation of RM5,203,005 for the period and on the number of units in circulation during the period of 121,801,000.
- (b) The earnings before manager's fee has been calculated based on income after taxation before deduction of manager's fees for the period of RM5,504,465 and on the number of units in circulation during the period of 121,801,000.

20. DISTRIBUTIONS TO UNITHOLDERS

Distributions to unitholders are from the following sources:

	1.1.2008 To 30.6.2008 RM	2.4.2007 To 31.12.2007 RM
Net rental income	6,376,360	9,477,249
Interest income	258,622	328,321
Gain on disposal of bond fund	-	132,636
Less: Expenses	6,634,982 (1,431,977)	9,938,206 (1,977,031)
Undistributed income	5,203,005 (148,264)	7,961,175 (44,110)
Total income distributions	5,054,741	7,917,065

Distributions to unitholders include the payment of the first Interim income distributions of 2.05 sen per unit, totaling RM2,496,920 on 30 May 2008. This together with the proposed second interim distribution of 2.10 sen per unit, amounting to RM2,557,82, will give a total income distributions of RM5,054,741 for the six (6) months financial period ended 30 June 2008 (2007: Interim distributions of 4.20 sen per unit, together with a final distribution of 2.30 sen unit, giving a total income distributions of RM7,917,065 for the nine (9) months financial period ended 31 December 2007).

NOTES TO THE FINANCIAL STATEMENTS

21. ESTABLISHMENT AND ISSUE EXPENSES

	1.1.2008 To 30.6.2008 RM	2.4.2007 To 31.12.2007 RM
At beginning of the period/date of commencement	2,449,420	-
Addition during the period	-	2,449,420
At the end of the period	<u>2,449,420</u>	<u>2,449,420</u>
Analysis of listing expenses:		
Brokerage fees and commissions	386,320	386,320
Professional fees	1,078,912	1,078,912
Miscellaneous expenses	984,188	984,188
	<u>2,449,420</u>	<u>2,449,420</u>

22. PORTFOLIO TURNOVER RATIO

	1.1.2008 To 30.6.2008	2.4.2007 To 31.12.2007
Portfolio Turnover Ratio ("PTR") (times)	-	<u>1.27</u>

PTR is the ratio of the average of total acquisitions and total disposals of investments for the period to the average net asset value of the Trust during the financial period calculated on a weekly basis. There is no acquisition or disposal of investment carried out during the period under review.

Since the basis of calculating PTR may vary among real estate investment trusts, comparison of PTR of Atrium REIT with other real estate investment trusts may not be an accurate comparison.

23. MANAGEMENT EXPENSE RATIO

	1.1.2008 To 30.6.2008	2.4.2007 To 31.12.2007
Management expense ratio ("MER") (%)	0.45	<u>0.53</u>

MER is calculated based on total fees of Atrium REIT incurred by the Trust, including the Manager's fees, Trustee's fees, audit fees, tax agent's fees and administrative expenses, to the average net asset value of the Trust for the financial period calculated on a weekly basis.

Since the basis of calculating MER may vary among real estate investment trusts, comparison of MER of Atrium REIT with other real estate investment trusts may not be an accurate comparison.

NOTES TO THE FINANCIAL STATEMENTS

24. CAPITAL COMMITMENT

	1.1.2008 To 30.6.2008 RM	2.4.2007 To 31.12.2007 RM
Investment property		
Contracted but not provided for and payable: within one year	-	11,250,000

25. TRANSACTIONS WITH COMPANIES RELATED TO THE MANAGER

	1.1.2008 To 30.6.2008 RM	2.4.2007 To 31.12.2007 RM
Insurance premium paid to:		
- SP & G Insurance Brokers Sdn Bhd	36,213	-
Acquisition cost of properties paid to		
- Glory Blitz Industries Sdn Bhd	-	49,100,000
- Sparkle Skyline Sdn Bhd	-	57,200,000

The above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

26. TRANSACTIONS WITH BROKER/DEALERS

There were no transactions made with brokers/dealers during the period.

27. FINANCIAL INSTRUMENTS

Financial risks management objective and policies

Exposure to credit, interest rate and liquidity risk arises in the normal course of Atrium REIT's business. Atrium REIT has informal risk management policies and guidelines which set out its overall business strategies and general risk management philosophy.

Credit risk

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of financial asset.

Interest rate risk

Atrium REIT's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate to finance Atrium REIT's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the Securities Commission Guidelines on Real Estate Investment Trusts concerning limits on total borrowings.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS

Effective interest rates and re-pricing analysis

In respect of interest-earning financial assets and interest-bearing liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature.

	Effective interest rate %	Total	2008 Within 1 year	1 – 5 years
Financial assets				
Deposits placed with licensed financial institutions	3.15 to 3.52	16,667,585	16,667,585	-
Financial liabilities				
Short Term Revolving Credit (“STRC”)	4.08	43,700,000	43,700,000	-

Fair values

Recognised financial instruments

In respect of cash and cash equivalents, other receivables and trade and other payables, the carrying amounts approximate fair value due to relatively short term nature of these financial instruments.

28. SIGNIFICANT EVENT

On 10 October 2007, the Trustee, acting on behalf of Atrium REIT entered into a Sale and Purchase Agreement with Yong Jin Development Sdn. Bhd. to acquire a factory warehouse cum office property in Senai, Johor for a total consideration of RM12,500,000 on a willing-buyer willing-seller basis. However, certain conditions precedent could not be met and as such, Atrium REIT Managers Sdn Bhd has decided to terminate the Sale and Purchase Agreement.

All monies paid under the Sale and Purchase Agreement to the Vendor’s solicitors as stakeholders has been refunded to Atrium REIT. The funds allocated for this acquisition shall be utilised for other acquisitions in the pipeline.

29. SEGMENTAL REPORTING

As the principal activity of Atrium REIT is to invest in properties currently all located in Malaysia with the primary objective to derive rental income, there are no risk and returns distinguishable between business and geographical segments. No segmental reporting is thus presented.

30. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Trust for the financial period ended 30 June 2008 were authorised for issue by the Board of Directors of Atrium REIT Managers Sdn. Bhd. on 21 July 2008.

ANALYSIS OF UNITHOLDINGS

AS AT 30 JUNE 2008

Size of holding	No. of Unitholders	No. of Units	%
Less than 100	5	105	0.00
100 to 1,000	548	476,995	0.39
1,001 to 10,000	776	3,642,900	2.99
10,001 to 100,000	391	12,183,800	10.00
100,001 to 1,000,000	75	25,742,900	21.14
Over 1,000,000	13	79,754,300	65.48
	1,808	121,801,000	100.00

THIRTY (30) LARGEST UNITHOLDERS AS AT 30 JUNE 2008

Name	No. of units	%
1. SPARKLE SKYLINE SDN BHD	20,729,800	17.02
2. GLORY BLITZ INDUSTRIES SDN BHD	13,299,000	10.92
3. MAYBAN SECURITIES NOMINEES (TEMPATAN SDN BHD) PLEGGED SECURITIES ACCOUNT FOR SPARKLE SKYLINE SDN BHD (DLR 060-MARGIN)	9,979,000	8.19
4. KURNIA INSURANS (MALAYSIA)BERHAD	6,051,400	4.97
5. ASCENTPAC SDN.BHD.	5,531,300	4.54
6. MAYBAN SECURITIES NOMINEES (TEMPATAN)SDN BHD PLEGGED SECURITIES ACCOUNT FOR GLORY BLITZ INDUSTRIES SDN BHD (DLR 060-MARGIN)	5,498,000	4.51
7. VIVID IMAGES SDN. BHD.	5,000,000	4.11
8. AMANAH RAYA NOMINEES (TEMPATAN)SDN BHD PUBLIC FAR-EAST PROPERTY & RESORTS FUND	3,990,000	3.28
9. CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR MELLON BANK (ABNAMRO MELLON)	2,875,000	2.36
10. MAYBAN NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (LIFE PAR FUND)	2,760,000	2.27
11. AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC SMALLCAP FUND	1,900,000	1.56
12. MAYBAN NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (SHAREHLDR'S FD)	1,200,000	0.99
13. MAYBAN NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (LIFE NON-PAR FD)	1,045,000	0.86
14. BEVERLY TOWER DEVELOPMENT SDN BHD	1,000,000	0.82
15. CARTABAN NOMINEES (TEMPATAN)SDN BHD EXEMPT AN FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	1,000,000	0.82
16. HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR HWANGDBS SELECT INCOME FUND (4850)	955,000	0.82
17. MAYBAN NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (GENERAL FUND)	855,000	0.70
18. MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN LIFE ASSURANCE BERHAD (NON-PAR FUND)	822,600	0.68
19. HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL ASIA – PACIFIC REIT FUND (5956-401)	759,000	0.62

ANALYSIS OF UNITHOLDINGS

AS AT 30 JUNE 2008

THIRTY (30) LARGEST UNITHOLDERS AS AT 30 JUNE 2008 (continued)

Name	No. of units	%
20. MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN LIFE ASSURANCE BERHAD (PAR FUND)	737,300	0.61
21. LOI PUI KHIM	725,000	0.60
22. REALCO SDN BHD	713,200	0.59
23. MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN GENERAL ASSURANCE BERHAD (INSURANCE FUND)	710,000	0.58
24. HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRUDENTIAL EQUITY INCOME FUND (4801)	697,200	0.57
25. HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL PROGRESS FUND (4082)	680,000	0.56
26. MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN GENERAL ASSURANCE BERHAD (S/HOLDERS FUND)	658,800	0.54
27. LIM CHEE KIN	647,000	0.53
28. MAYBAN NOMINEES (TEMPATAN) SDN BHD HWANGDBS INVESTMENT MANAGEMENT BHD FOR MULTI-PURPOSE INSURANS BHD (260023)	638,300	0.52
29. CARTABAN NOMINEES (TEMPATAN) SDN BHD ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD – (INSF)	600,000	0.49
30. HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL DIVIDEND FUND (5311-401)	600,000	0.49
	92,696,900	76.10

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

Name	No. of units	%
1. SPARKLE SKYLINE SDN BHD	30,708,800	25.21
2. GLORY BLITZ INDUSTRIES SDN BHD	18,797,000	15.43
	49,505,800	40.64