



ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT

FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

These figures have not been audited but reviewed by our auditors.

ARA Asset Management Limited (“ARA” or the “Group”) is a real estate fund management company focused on the management of public-listed real estate investment trusts (“REITs”) and private real estate funds. ARA was incorporated as an exempted company with limited liability in Bermuda on 1 July 2002 and was admitted to the official list of the main board of the Singapore Exchange on 2 November 2007.

ARA’s business comprises four primary segments:

- REIT management;
- Private real estate fund management;
- Specialist equity fund management; and
- Corporate finance advisory services

ARA currently manages REITs listed in Singapore, Hong Kong and Malaysia with a diversified portfolio spanning the office, retail and industrial sectors; private real estate funds that invest in Singapore, Hong Kong, Malaysia and China; and a specialist equity fund investing in REITs and listed infrastructure and utilities trusts in the Asia-Pacific region.

As at 30 June 2008, ARA’s total assets under management was S\$10.5 billion (approximately US\$7.7 billion).

Credit Suisse (Singapore) Limited and DBS Bank Ltd. were the joint global coordinators, bookrunners and underwriters for the initial public offering (“IPO”) of ARA.

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For the second quarter ended 30 June 2008

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	1/4/08 to 30/6/08 S\$'000	1/4/07 to 30/6/07 S\$'000	Change %	1/1/08 to 30/6/08 S\$'000	1/1/07 to 30/6/07 S\$'000	Change %
Revenue	(a)	15,262	8,731	75%	32,288	16,780	92%
Other income	(b)	1,392	45	n.m.	1,854	455	307%
Total revenue		<u>16,654</u>	<u>8,776</u>	90%	<u>34,142</u>	<u>17,235</u>	98%
Administrative expenses	(c)	(5,079)	(3,687)	38%	(10,047)	(7,097)	42%
Operating lease expenses	(d)	(397)	(158)	151%	(799)	(314)	154%
Other expenses	(e)	<u>(951)</u>	<u>(378)</u>	152%	<u>(2,806)</u>	<u>(865)</u>	224%
Results from operating activities		10,227	4,553	125%	20,490	8,959	129%
Finance expenses	(f)	<u>(199)</u>	<u>(79)</u>	152%	<u>(403)</u>	<u>(81)</u>	398%
Share of profits of associates (net of tax)	(g)	<u>10,028</u>	<u>4,474</u>	124%	<u>20,087</u>	<u>8,878</u>	126%
Profit before income tax	(h)	57	6	850%	102	56	82%
Income tax expense	(i)	<u>10,085</u>	<u>4,480</u>	125%	<u>20,189</u>	<u>8,934</u>	126%
Profit for the period		<u>(1,293)</u>	<u>(705)</u>	83%	<u>(2,270)</u>	<u>(1,389)</u>	63%
		<u>8,792</u>	<u>3,775</u>	133%	<u>17,919</u>	<u>7,545</u>	137%
Attributable to:							
Equity holders of the Company		8,875	3,862	130%	18,069	7,736	134%
Minority interest		<u>(83)</u>	<u>(87)</u>	(5%)	<u>(150)</u>	<u>(191)</u>	(21%)
		<u>8,792</u>	<u>3,775</u>	133%	<u>17,919</u>	<u>7,545</u>	137%

**Financial Statements Announcement
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1(a)(ii) Explanatory notes to the income statement
(a) Revenue

		2Q 2008 S\$'000	2Q 2007 S\$'000	Change %	1H 2008 S\$'000	1H 2007 S\$'000	Change %
Revenue		15,262	8,731	75%	32,288	16,780	92%
REIT base and performance fees	(i)	9,979	7,744	29%	19,847	15,482	28%
Acquisition fees	(ii)	-	376	n.m.	1,148	416	176%
Portfolio management and service fees	(iii)	5,283	611	n.m.	11,293	882	n.m.

n.m. : not meaningful

- (i) The increase in REIT base and performance fees was primarily due to the Group's enlarged REIT portfolio and higher net property income in the REITs managed by the Group.
- (ii) The Group recorded acquisition fees of S\$1.1 million in 1H 2008 from the acquisition by AmFIRST REIT of an interest in The Summit Subang USJ, a mixed commercial development in Subang Jaya, Malaysia for RM260.0 million which was completed on 31 March 2008, and the acquisition by Suntec REIT of 1,105 square feet of state land along Penang Road for S\$1.2 million on 13 March 2008. Acquisition fees in 1H 2007 were for the acquisition of Kelana Brem Towers by AmFIRST REIT for RM85.0 million and the acquisition of certain strata office units by Prosperity REIT.
- (iii) Portfolio management and service fees increased to S\$11.3 million in 1H 2008 from S\$882,000 in 1H 2007 primarily due to portfolio management fees from the closing of ARA Asia Dragon Fund ("ADF"), which completed its 3rd and final closing on 19 June 2008 and the ARA Asian Asset Income Fund. Portfolio management fees in 1H 2007 was mainly from the Al Islami Far Eastern Real Estate Fund ("AIFEREF"); the Group completed the divestment of the underlying assets of the AIFEREF in October 2007.

(b) Other income

Other income comprise primarily of distribution income, interest income and gain on fair valuation of held-for-trading securities. Other income increased to S\$1.9 million in 1H 2008 from S\$455,000 in 1H 2007, primarily from an increase in distribution income, partially offset by an absence of gain on fair valuation of held-for-trading securities.

(c) Administrative expenses

Administrative expenses comprise primarily of staff-related expenses, directors' fees and strategic advisory fees. The increase was largely attributed to the increase in headcount to meet the Group's growing business operations.

(d) Operating lease expenses

The increase in operating lease expenses was due to an expansion of our office premises to accommodate the increase in headcount of our Group.

(e) Other expenses

Other expenses comprise primarily of other staff-related expenses such as travelling expenses, telecommunication expenses, legal & professional fees (including auditors' remuneration, company secretarial and share registrar fees), insurance, depreciation, listing and board meeting expenses and other miscellaneous expenses. Included in other expenses for 1H 2008 was a loss on fair valuation of S\$1.0 million on certain REIT units received by the Group as part payment of the base and performance fees of those REITs. The Group also recorded net foreign exchange losses in 1H 2008 of S\$432,000 primarily due to the strengthening of the SGD relative to the USD. Travelling expenses increased by S\$131,000 to S\$334,000 in 1H 2008 from S\$203,000 in 1H 2007 primarily as a result of increased travel by the ADF team.

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(f) Finance expenses

The increase in finance costs was primarily due to interest on borrowings of RM44.9 million (equivalent to approximately S\$18.7 million) taken up to partly finance the acquisition of a 12.5% interest in AmFIRST REIT in May 2007.

(g) Share of profits of associates (net of tax)

Share of profits of associates (net of tax) was primarily due to the recognition of our share of profits arising from the Group's 30% effective interest in Am ARA REIT Managers Sdn Bhd, the manager of AmFIRST REIT.

(h) Profit before income tax

The following items have been included in arriving at profit for the period:

	1/4/08 to 30/6/08 S\$'000	1/4/07 to 30/6/07 S\$'000	Change %	1/1/08 to 30/6/08 S\$'000	1/1/07 to 30/6/07 S\$'000	Change %
<u>Other income</u>						
Distribution income	1,296	36	n.m.	1,597	97	n.m.
Interest income	96	72	33%	257	155	66%
(Loss)/ Gain on fair valuation of held-for-trading securities	-	(64)	n.m.	-	202	n.m.
<u>Operating expenses</u>						
Depreciation	62	53	17%	122	106	15%
Exchange loss / (gain) - net	39	(16)	n.m.	432	55	n.m.
Interest expenses	199	79	n.m.	403	81	n.m.
Loss on fair valuation of held-for-trading securities	212	-	n.m.	1,028	-	n.m.

n.m. : not meaningful

(i) Income tax expense

The current tax expense is based on the statutory tax rates of the respective countries in which the subsidiaries of the Group operate.

Financial Statements Announcement
For the second quarter ended 30 June 2008

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Note	Group		Company	
		30/6/08 S\$'000	31/12/07 S\$'000	30/6/08 S\$'000	31/12/07 S\$'000
Non-current assets					
Plant and equipment		759	599	-	-
Tenancy deposits		292	289	-	-
Subsidiaries	(a)	-	-	35,512	4,295
Associates		393	308	-	-
Financial assets	(b)	54,987	30,093	-	-
		<u>56,431</u>	<u>31,289</u>	<u>35,512</u>	<u>4,295</u>
Current assets					
Financial assets	(c)	2,243	10,978	-	-
Derivative assets	(d)	240	-	-	-
Trade and other receivables	(e)	16,797	24,764	7	9,122
Amounts owing by related corporations	(f)	-	-	28,937	31,980
Cash and cash equivalents		54,289	74,494	36,994	67,146
		<u>73,569</u>	<u>110,236</u>	<u>65,938</u>	<u>108,248</u>
Total assets		<u>130,000</u>	<u>141,525</u>	<u>101,450</u>	<u>112,543</u>
Equity attributable to equity holders					
Share capital		1,164	1,164	1,164	1,164
Reserves		91,029	99,890	90,056	100,093
		<u>92,193</u>	<u>101,054</u>	<u>91,220</u>	<u>101,257</u>
Minority interest		(221)	(65)	-	-
Total equity		<u>91,972</u>	<u>100,989</u>	<u>91,220</u>	<u>101,257</u>
Non-current liabilities					
Financial liabilities	(g)	18,932	19,627	-	-
Deferred tax liabilities		38	38	-	-
		<u>18,970</u>	<u>19,665</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	(h)	14,352	16,161	7,584	10,362
Amounts owing to related corporations		-	-	2,628	924
Financial liabilities	(g)	51	72	-	-
Current tax payable		4,655	4,638	18	-
		<u>19,058</u>	<u>20,871</u>	<u>10,230</u>	<u>11,286</u>
Total liabilities		<u>38,028</u>	<u>40,536</u>	<u>10,230</u>	<u>11,286</u>
Total equity and liabilities		<u>130,000</u>	<u>141,525</u>	<u>101,450</u>	<u>112,543</u>

**Financial Statements Announcement
For the second quarter ended 30 June 2008****Footnotes:**

- (a) *Interests in subsidiaries comprise equity investment in the subsidiaries and loans to subsidiaries where the settlement of the amount is neither planned nor likely to occur in the foreseeable future.*
- (b) *Non-current financial assets as at 30 June 2008 comprise (i) Suntec REIT units held by the Group as a strategic stake; (ii) a 12.5% interest in AmFIRST REIT which has been pledged as security to obtain credit facilities (see note (g) below); (iii) seed capital for the ADF of S\$4.3 million; and (iv) investment of S\$6.8 million (equivalent to USD5.0 million) in the ARA Asian Asset Income Fund ("AAIF") as at 30 June 2008.*
- (c) *Current financial assets as at 30 June 2008 comprise REIT units received by the Group as part payment of the base and performance fees of those REITs (other than the Suntec REIT units held by the Group as a strategic stake).*
- (d) *Derivative assets relate to the fair value of foreign currency forward contracts entered into by the Group to hedge the Group's foreign currency exposure.*
- (e) *Trade and other receivables comprise accrued fees receivable, deposits, prepayments and other receivables. The decrease in trade and other receivables is primarily due to payment of private fund performance fee receivable of S\$8.9 million arising from the divestment of the underlying assets of the AIFEREF, partially offset by (i) an increase in accrued base and performance fees of REITs managed by the Group; and (ii) accrued portfolio management fees from the ADF.*
- (f) *Amounts owing by related corporations relate mainly to advances to subsidiaries, including interim dividends payable by certain subsidiaries.*
- (g) *Financial liabilities as at 30 June 2008 relate to a secured revolving credit facility taken up to partly finance the acquisition of a 12.5% interest in AmFIRST REIT and finance lease liabilities.*
- (h) *The decrease in trade and other payables is primarily due to payment of accrued professional fees and listing expenses, partially offset by the accruals of strategic advisory fees.*
- (i) *Certain reclassifications have been made to the last year's financial statements to enhance comparison with this quarter's financial results.*

**Financial Statements Announcement
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1(b)(ii) Aggregate amount of group's borrowings and debt securities

	30/6/08		31/12/07	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	51	-	72	-
Amount repayable after one year	18,932	-	19,627	-
	<u>18,983</u>	<u>-</u>	<u>19,699</u>	<u>-</u>

Footnotes:

- (a) *The decrease in total borrowings is primarily due to the strengthening of the SGD relative to the Malaysia Ringgit ("RM") for the RM loan taken up to partly finance the acquisition of a 12.5% interest in AmFIRST REIT.*
- (b) *Included in total borrowings is an amount of S\$0.3 million (31 December 2007: S\$0.2 million) relating to finance lease liabilities for the purchase of certain plant and equipment.*
- (c) *As at 30 June 2008, the Group has unutilised unsecured (i) overdraft facilities of S\$6.0 million and HK\$3.0 million (31 December 2007: HK\$3.0 million) and (ii) revolving credit facility of S\$1.2 million (31 December 2007: S\$1.2 million).*

Details of any collateral

As at 30 June 2008, the Group had bank borrowings of approximately RM44.9 million (equivalent to approximately S\$18.7 million (31 December 2007: S\$19.6 million)) which relates to a secured revolving credit facility provided by AmInvestment Bank Berhad ("AIBB") to our wholly-owned subsidiary, Jadeline Capital Sdn Bhd ("Jadeline") to partly finance the acquisition of a 12.5% interest in, or 53.7 million units of AmFIRST REIT in May 2007.

This facility is available for 24 months from the date of first draw down on 28 May 2007 and bears interest at a floating rate of 0.25% above AIBB's cost of funds, and is secured by a pledge of the AmFIRST REIT units purchased by the Group. The facility, which has prepayment option, is repayable in full on maturity.

**Financial Statements Announcement
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1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	1/4/08 to 30/6/08 S\$'000	1/4/07 to 30/6/07 S\$'000	1/1/08 to 30/6/08 S\$'000	1/1/07 to 30/6/07 S\$'000
Operating activities				
Profit for the period	8,792	3,775	17,919	7,545
Adjustments for:				
Management fee received / receivable in units of REITs	(7,995)	(6,262)	(15,882)	(12,401)
Depreciation of plant and equipment	62	53	122	106
Share of profit of associates	(57)	(6)	(102)	(56)
Interest income	(96)	(72)	(257)	(155)
Gain on disposal of plant and equipment	-	-	(32)	-
Loss / (Gain) on fair valuation of held-for-trading securities	212	64	1,028	(202)
Distribution income	(1,296)	(36)	(1,597)	(97)
Finance expenses	199	79	403	81
Income tax expense	1,293	705	2,270	1,389
Operating profit/(loss) before working capital changes	1,114	(1,700)	3,872	(3,790)
Changes in working capital:				
Trade and other receivables	1,226	1,498	8,107	(442)
Trade and other payables	(9,459)	383	(1,902)	876
Proceeds from sale of units in REITs	6,470	3,856	24,047	8,589
Income tax paid	(2,141)	(1,206)	(2,254)	(1,206)
Distribution income received	1,296	36	1,597	97
Interest received	96	72	257	155
Cash flows from operating activities	(1,398)	2,939	33,724	4,279
Investing activities:				
Purchase of plant and equipment	(54)	(11)	(121)	(26)
Proceed from disposal of plant and equipment	-	2	126	2
Purchase of available-for-sale securities				
- quoted	(6,208)	(21,884)	(20,400)	(21,884)
- unquoted	(7,480)	-	(10,832)	-
Cash flows from investing activities	(13,742)	(21,893)	(31,227)	(21,908)
Financing activities:				
Payment of finance lease liabilities (net)	(19)	(22)	(46)	(46)
Interest paid	(199)	(79)	(403)	(81)
Dividend paid	(22,118)	-	(22,118)	(3,009)
Proceeds from borrowings	-	19,924	-	19,924
Cash flows from financing activities	(22,336)	19,823	(22,567)	16,788
Net (decrease)/increase in cash & cash equivalents	(37,476)	869	(20,070)	(841)
Cash and cash equivalents at beginning of period	91,801	13,985	74,494	15,737
Effect of exchange rate fluctuations on cash held	(36)	23	(135)	(19)
Cash and cash equivalents at end of period	54,289	14,877	54,289	14,877

**Financial Statements Announcement
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Footnotes:

- (a) *Cash and cash equivalents at the end of financial period comprise:*

	As at	
	30/06/08 S\$'000	30/06/07 S\$'000
Fixed deposits with banks	38,334	12,084
Cash and bank balances	15,955	2,793
	54,289	14,877

- (b) *As at 30 June 2008, the Group had utilised S\$24.7 million of the net IPO proceeds raised of S\$75.5 million as follows:-*

	As at	
	30/06/08 S\$'000	30/06/07 S\$'000
Seed capital for ARA Asia Dragon Fund	4,251	-
Strategic stake in REIT	20,400	-
	24,651	-

As at 31 December 2007, the Group had utilised S\$226,000 of the net IPO proceeds as seed capital investment in the ARA Asia Dragon Fund.

- (c) *Cash flows from operating activities increased to S\$33.7 million in 1H 2008 from S\$4.3 million in 1H 2007, primarily due to an increase in the proceeds arising from the sale of units in REITs and movement in working capital.*
- (d) *Net cash outflow for investing activities amounted to S\$31.2 million in 1H 2008 (1H 2007: S\$21.9 million). This was primarily due to (i) S\$20.4 million used towards the acquisition of a strategic stake in Suntec REIT units; (ii) additional seed capital investment of S\$4.0 million in the ADF pursuant to capital calls from the fund; and (iii) investment of S\$6.8 mil (equivalent to US\$5.0 mil) in the ARA Asian Asset Income Fund ("AAIF").*
- (e) *Net cash outflow for financing activities amounted to S\$22.6 mil in 1H 2008 compared with a net cash inflow of S\$16.8 million in 1H 2007, which included S\$22.1 million of dividend paid in May 2008.*

**Financial Statements Announcement
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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital S\$'000	Share premium S\$'000	Accumulated profits S\$'000	Total equity S\$'000
The Company				
At 1 January 2007	20	-	1,187	1,207
Total recognised income and expense for the period				
- Profit for the period	-	-	84	84
At 31 March 2007	20	-	1,271	1,291
Total recognised income and expense for the period				
- Profit for the period	-	-	23,292	23,292
First tax-exempt interim dividend paid of S\$248.66 per share	-	-	(3,009)	(3,009)
Second tax-exempt interim dividend payable of S\$1,593.55 per share	-	-	(19,282)	(19,282)
At 30 June 2007	20	-	2,272	2,292
At 1 January 2008	1,164	75,413	24,680	101,257
Total recognised income and expense for the period				
- Loss for the period	-	-	(395)	(395)
At 31 March 2008	1,164	75,413	24,285	100,862
Total recognised income and expense for the period				
- Profit for the period	-	-	12,476	12,476
Final tax-exempt dividend paid of S\$0.038 per share	-	-	(22,118)	(22,118)
At 30 June 2008	1,164	75,413	14,643	91,220

	Share capital S\$'000	Share premium S\$'000	Foreign currency translation reserve S\$'000	Hedging reserve S\$'000	Fair value reserve S\$'000	Accumulated profits S\$'000	Attributable to equity holders of Company S\$'000	Minority interest S\$'000	Total equity S\$'000
The Group									
At 1 January 2007	20	-	(44)	-	-	15,643	15,619	(97)	15,522
Translation differences relating to financial statements of foreign subsidiaries	-	-	(31)	-	-	-	(31)	3	(28)
Net (losses) / gains recognised directly in equity	-	-	(31)	-	-	-	(31)	3	(28)
Profit for the period	-	-	-	-	-	3,874	3,874	(104)	3,770
Total recognised income and expense for the period	-	-	(31)	-	-	3,874	3,874	(104)	3,742
Tax-exempt interim dividend S\$248.66 per share	-	-	-	-	-	(3,009)	(3,009)	-	(3,009)
At 31 March 2007	20	-	(75)	-	-	16,508	16,453	(198)	16,255
Translation differences relating to financial statements of foreign subsidiaries	-	-	78	-	-	-	78	-	78
Changes in fair value of available-for-sale financial assets	-	-	-	-	901	-	901	-	901
Net gains / (losses) recognised directly in equity	-	-	78	-	901	-	979	-	979
Profit for the period	-	-	-	-	-	3,862	3,862	(90)	3,772
Total recognised income and expense for the period	-	-	78	-	901	3,862	4,841	(90)	4,751
Second tax-exempt interim dividend payable of S\$1,593.55 per share	-	-	-	-	-	(19,282)	(19,282)	-	(19,282)
At 30 June 2007	20	-	3	-	901	1,088	2,012	(288)	1,724
At 1 January 2008	1,164	75,413	85	-	(1,022)	25,414	101,054	(65)	100,989
Translation differences relating to financial statements of foreign subsidiaries	-	-	(602)	-	-	-	(602)	1	(601)
Effective portion of changes in fair value of cash flow hedge, net of tax	-	-	-	289	-	-	289	-	289
Changes in fair value of available-for-sale financial assets	-	-	-	-	(3,368)	-	(3,368)	-	(3,368)
Net (losses) / gains recognised directly in equity	-	-	(602)	289	(3,368)	-	(3,681)	1	(3,680)
Profit for the period	-	-	-	-	-	9,194	9,194	(67)	9,127
Total recognised income and expense for the period	-	-	(602)	289	(3,368)	9,194	5,513	(66)	5,447
At 31 March 2008	1,164	75,413	(517)	289	(4,390)	34,608	106,567	(131)	106,436
Translation differences relating to financial statements of foreign subsidiaries	-	-	165	-	-	-	165	(7)	158
Effective portion of changes in fair value of cash flow hedge, net of tax	-	-	-	(49)	-	-	(49)	-	(49)
Changes in fair value of available-for-sale financial assets	-	-	-	-	(1,247)	-	(1,247)	-	(1,247)
Net gains / (losses) recognised directly in equity	-	-	165	(49)	(1,247)	-	(1,131)	(7)	(1,138)
Profit for the period	-	-	-	-	-	8,875	8,875	(83)	8,792
Total recognised income and expense for the period	-	-	165	(49)	(1,247)	8,875	7,744	(90)	7,654
Final tax-exempt dividend paid of S\$0.038 per share	-	-	-	-	-	(22,118)	(22,118)	-	(22,118)
At 30 June 2008	1,164	75,413	(352)	240	(5,637)	21,365	92,193	(221)	91,972

**Financial Statements Announcement
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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasure shares, if any, against the total number of issued shares excluding treasure shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Not applicable.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	30/6/08	As at 31/12/07
Total number of issued shares	582,060,000	582,060,000

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagements 2400 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have been reviewed by the auditors in accordance with SSRE 2410: Review of Interim Financial Information Performed by the Independent Auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please refer to attached review report.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The same accounting policies and methods of computation were followed during the current financial period as compared to those reported in the audited combined financial statements for the financial year ended 31 December 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

**Financial Statements Announcement
For the second quarter ended 30 June 2008**
6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

(Singapore cents)	1/01/08 to 30/06/08	1/01/07 to 30/06/07
Earnings per ordinary share for the period based on net profit attributable to shareholders of the Company:		
(i) Based on weighted average number of ordinary shares in issue	3.10	1.52
(ii) On a fully diluted basis	3.10	1.52

The calculation of basic and diluted earnings per share for the relevant period is based on the profit for the period attributable to equity holders of the Company for the financial periods ended 30 June 2007 and 30 June 2008 and the weighted average number of 509,060,000 and 582,060,000 shares in issue as at 30 June 2007 and 30 June 2008 respectively.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

(Singapore cents)	Group		Company	
	30/06/08	31/12/07	30/06/08	31/12/07
Net asset value per ordinary share	15.84	17.36	15.67	17.40
Net tangible assets backing per ordinary share	15.84	17.36	15.67	17.40

Net asset value is calculated based on the net assets of the Group (excluding minority interest), based on the issued share capital of 582,060,000 shares.

The decrease in NTA is primarily due to the payment of final dividends for the financial year ended 31 December 2007. These dividends were paid on 16 May 2008.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on
Review of performance

	2Q 2008 S\$'000	2Q 2007 S\$'000	Change %	1H 2008 S\$'000	1H 2007 S\$'000	Change %
Total Revenue	16,654	8,776	90%	34,142	17,235	98%
EBIT	10,227	4,553	125%	20,490	8,959	129%
Net Profit⁽¹⁾	8,875	3,862	130%	18,069	7,736	134%
Net Margin	53%	44%	+9%	53%	45%	+8%
ROE⁽²⁾	39%	n.m.	n.m.	39%	n.m.	n.m.

n.m. : not meaningful

(1) Net profit refers to "Profit for the period attributable to equity holders of the Company"

(2) Annualised figure

**Financial Statements Announcement
For the second quarter ended 30 June 2008**

2Q 2008 vs 2Q 2007

Total revenue increased by 90% to S\$16.7 million in 2Q 2008 from S\$8.8 million in 2Q 2007, primarily due to higher REIT base and performance fees as a result of an increase in the property values and net property income of the REITs managed by the Group, and portfolio management fees from the ARA Asia Dragon Fund which completed its 1st closing in September 2007.

While the increase in revenue was partially offset by higher staff and other costs resulting from the continued business expansion of the Group, net profit for 2Q 2008 rose to S\$8.9 million, a 130% increase from S\$3.9 million in 2Q 2007 while net margin rose by 9 percentage points to 53% in 2Q 2008 from 44% in 2Q 2007.

1H 2008 vs 1H 2007

Total revenue increased by 98% to S\$34.1 million in 1H 2008 from S\$17.2 million in 1H 2007, primarily due to higher REIT base and performance fees as a result of an increase in the property values and net property income of the REITs managed by the Group, and portfolio management fees from the ARA Asia Dragon Fund. During the period, the Group also recognised acquisition fees of S\$1.1 million, mainly from AmFIRST REIT's acquisition of an interest in The Summit Subang USJ, a mixed commercial development in Subang Jaya, Malaysia for RM260.0 million which was completed on 31 March 2008

On 19 June 2008, the Group had successfully completed the 3rd and final closing of the ADF bringing the aggregate committed capital of the fund to US\$1.13 billion, and an additional US\$500.0 million allocated by a major investor for co-investments with the fund.

As at 30 June 2008, total assets under management of the Group stood at S\$10.5 billion (approximately US\$7.7 billion).

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Inflationary concerns in the region, a possible slowdown in the US and the global credit crunch have continued to impact general business and investor sentiment negatively. Nevertheless, with an experienced management team in place, a strong balance sheet and stable management fee income from REITs and private real estate funds, the Group is well-positioned to weather the current turbulence and take advantage of any opportunities that may arise.

The Group completed the 3rd and final closing of the ADF on 19 June 2008, bringing the aggregate committed capital of the fund to US\$1.13 billion. To date, the fund has invested in real estate assets with a gross value of approximately US\$800 million in Singapore and China, and is actively seeking further real estate investments in the region.

On 30 June 2008, Suntec REIT successfully refinanced the remaining bridge loan of S\$400 million for the REIT's acquisition of its one-third interest in One Raffles Quay, due in October 2008. With this transaction, all the REITs managed by the Group do not have any major refinancings of external borrowings till end 2009. The Group is currently carrying out various asset enhancement programmes across the REITs under our management to increase their property income. In addition, the Group is also actively exploring increasing the REITs under our management by setting up new REITs in new asset classes.

**Financial Statements Announcement
For the second quarter ended 30 June 2008****Outlook for the financial year ending 31 December 2008**

Barring unforeseen circumstances, the Group expects a better performance in FY 2008 compared to FY 2007.

11. Dividend***(a) Current Financial Period Reported On***

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	:	Interim Dividend
Dividend Type	:	Cash
Dividend Amount	:	S\$0.0217 per share
Dividend Rate	:	Not applicable
Par value of shares	:	\$0.002 per share
Tax Rate	:	Tax Exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	:	Interim Dividend
Dividend Type	:	Cash
Dividend Amount	:	S\$19,282,000
Dividend Rate	:	S\$1,606.83
Par value of shares	:	US\$1.00
Tax Rate	:	Tax Exempt

Dividends were declared to the shareholders prior to the listing as disclosed in our Prospectus dated 26 October 2007 and was based on 12,000 shares prior to the listing.

(c) Date payable

2 September 2008

(d) Book Closure date

Registrable Transfers received by the Company up to 5.00 pm on 19 August 2008 will be registered before entitlements to the dividend are determined.

12. If no dividend has been declared/recommended, a statement to that effect

An interim dividend of 2.17 Singapore cents per share has been proposed for the financial period from 1 January 2008 to 30 June 2008.

**Financial Statements Announcement
For the second quarter ended 30 June 2008**
13. Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	1/4/08 to 30/6/08 S\$'000	1/1/08 to 30/6/08 S\$'000	1/4/08 to 30/6/08 S\$'000	1/1/08 to 30/6/08 S\$'000
Fortune REIT ⁽¹⁾	-	-	1,888	3,795
AIFEREF ⁽²⁾	-	-	-	11
The Center (55) Limited ⁽³⁾	-	-	2,676	2,756
	-	-	4,564	6,562

The interested person transactions have been entered into based on terms stipulated in the following:

- (1) the trust deed constituting Fortune REIT whereby the Group receives base and performance fees for its role as the manager of Fortune REIT;
- (2) the private placement memorandum of the AIFEREF whereby the Group receives portfolio management fees for its role as the portfolio manager of the fund; and
- (3) an operating lease agreement with The Center (55) Limited.

14. Confirmation pursuant to Rule 705(4) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of ARA Asset Management Limited which may render the unaudited interim financial information (comprising the balance sheets, consolidated income statement, statements of changes in equity and cash flow statement, together with their accompanying notes) as at 30 June 2008 and for the 6 months ended on that date to be false or misleading in any material aspect.

On behalf of the Board,

Chiu Kwok Hung, Justin
Director

Lim Hwee Chiang
Director

**BY ORDER OF THE BOARD
ARA ASSET MANAGEMENT LIMITED**

Lim Hwee Chiang
Director
4 August 2008

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of uncertainties, risks and assumptions. Representative examples of these factors include but are not limited to general market and economic conditions, interest rate trends, competition from other real estate investors, changes in operating expenses including employee wages and benefits, changes in government policies, and the continued availability of financing in the amounts and terms necessary to support future business. You are cautioned not to place undue reliance on the forward-looking statements in this release, which are based on the current view of management on future events. Information from external sources in this release has not been independently verified by us.



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The Board of Directors
ARA Asset Management Limited
6 Temasek Boulevard #16-02
Suntec Tower Four
Singapore 038986

4 August 2008

Dear Sirs

**ARA Asset Management Limited and its subsidiaries
Review of Interim Financial Information**

Introduction

We have reviewed the accompanying condensed financial information of ARA Asset Management Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement of the Group for the six-month period then ended and certain explanatory notes (the Interim Financial Information). Management is responsible for the preparation and presentation of this Interim Financial Information in accordance with Singapore Financial Reporting Standard ("FRS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with FRS 34 *Interim Financial Reporting*.

Restriction on use

Our report is provided on the basis that it is solely for the private information of the directors and should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purposes. We do not assume any responsibility or liability for losses occasioned to the directors, the Company or any other parties as a result of the circulation, publication, reproduction or use of the report contrary to the provisions of this paragraph.

Yours faithfully

KPMG
*Public Accountants and
Certified Public Accountants*
Singapore