



ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

Financial Statements And Dividend Announcement for the Full Year Ended 30 June 2008

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2007 RM'000	Increase/ (decrease) %
Revenue		24,585	31,609	(22.2)
Cost of sales		(8,339)	(6,643)	25.5
Gross profit		16,246	24,966	(34.9)
Other income		438	5	8660.0
Selling and distribution expenses		(2,515)	(3,705)	(32.1)
General and administrative expenses		(8,025)	(3,520)	128.0
Other expenses		(32)	(3,635)	(99.1)
Profit from operations		6,112	14,111	(56.7)
Financial income		428	807	(47.0)
Financial expenses		(589)	(1,723)	(65.8)
Profit before tax	A	5,951	13,195	(54.9)
Tax expense	B	(1,881)	(5,279)	(64.4)
Profit for the year		4,070	7,916	(48.6)
Attributable to:				
Equity holders of the Company		4,056	7,916	(48.8)
Minority interests		14	-	n.m.
		4,070	7,916	(48.6)

n.m. = not meaningful.

1(a)(ii) Notes to income statement

A. The profit before tax is determined after charging/(crediting) the followings:

	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2007 RM'000	Increase/ (decrease) %
Interest income	(428)	(807)	(47.0)
Interest expenses:			
- Adjustment of trade receivables to amortised cost	(248)	988	n.m.
- Finance leases	13	7	85.7
- Adjustment of other payable to amortised cost	715	716	-
- Bank guarantee	109	12	808.3
Depreciation of property, plant and equipment	287	165	73.9
Foreign exchange (gain)/loss	(391)	174	n.m.
Operating lease expenses	883	518	70.5
Allowance for prepayment	-	3,441	n.m.

B. Tax expense

	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2007 RM'000	Increase/ (decrease) %
Income tax expense			
- Current year	1,981	5,200	(61.9)
- (Over)/Underprovision in respect of prior year	(117)	14	n.m.
Deferred tax			
- Current year	17	65	(73.8)
	<u>1,881</u>	<u>5,279</u>	(64.4)

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

	Group		Company	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	1,820	1,230	364	325
Investment in subsidiaries	-	-	225,509	224,540
Trade receivables	8,738	8,083	-	-
	<u>10,558</u>	<u>9,313</u>	<u>225,873</u>	<u>224,865</u>
Current assets				
Inventories	25,389	14,173	-	-
Trade receivables	29,852	10,955	-	-
Other receivables and deposits	1,039	577	131	167
Prepayments	208	2,229	93	2,171
Amount due from subsidiaries (non-trade)	-	-	9,087	-
Cash and bank balances	19,477	21,424	7,217	267
	<u>75,965</u>	<u>49,358</u>	<u>16,528</u>	<u>2,605</u>
Current liabilities				
Trade payables	3,050	32	-	-
Other payables and accruals	11,814	6,949	787	929
Finance lease obligations	95	28	-	-
Bank overdraft	26	-	26	-
Amount due to a subsidiary (non-trade)	-	-	-	1,733
Amount due to a director (non-trade)	486	486	486	486
Tax payable	25	2,972	-	-
	<u>15,496</u>	<u>10,467</u>	<u>1,299</u>	<u>3,148</u>
Net current assets/ (liabilities)	60,469	38,891	15,229	(543)

	Group		Company	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Other payable	10,976	10,261	-	-
Finance lease obligations	366	87	-	-
Deferred tax liability	82	65	-	-
	<u>(11,424)</u>	<u>(10,413)</u>	<u>-</u>	<u>-</u>
Net assets	<u>59,603</u>	<u>37,791</u>	<u>241,102</u>	<u>224,322</u>
Equity attributable to equity holders of the Company				
Share capital	241,618	224,540	241,618	224,540
Restructuring reserve	(201,554)	(201,554)	-	-
Translation reserve	12	-	-	-
Accumulated profits/(losses)	<u>18,861</u>	<u>14,805</u>	<u>(516)</u>	<u>(218)</u>
	58,937	37,791	241,102	224,322
Minority interests	<u>666</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>59,603</u>	<u>37,791</u>	<u>241,102</u>	<u>224,322</u>

1(b)(ii) Aggregate amount of group's borrowings and debts securities.

	As at 30/06/2008		As at 30/06/2007	
	Secured	Unsecured	Secured	Unsecured
	RM'000	RM'000	RM'000	RM'000
Amount repayable in one year or less, or on demand	121	-	28	-
Amount repayable after one year	366	-	87	-

Details of any collateral

Finance lease

The finance leases of motor vehicles are secured by way of a legal mortgage on the underlying lease assets.

Bank overdraft

The bank overdraft is secured by cash and securities of the Chief Executive Officer and his spouse.

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

	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Cash flows from operating activities		
Profit before tax	5,951	13,195
Adjustments:		
Depreciation of property, plant and equipment	287	165
Allowance for prepayment	-	3,441
Interest expense	589	1,723
Interest income	(428)	(807)
Net exchange difference	17	-
	<hr/>	<hr/>
Operating profit before working capital changes	6,416	17,717
Decrease (Increase) in:		
Inventories	(11,216)	(1,846)
Trade and other receivables, deposits and prepayments	(19,488)	(13,078)
Increase (Decrease) in:		
Trade and other payables and accruals	7,883	3,261
Amount due to a director (non-trade)	-	(762)
	<hr/>	<hr/>
Cash generated from/(used in) operating activities	(16,405)	5,292
Income tax paid	(5,238)	(4,992)
	<hr/>	<hr/>
Net cash from/(used in) operating activities	(21,643)	300
Cash flows from investing activities		
Purchase of property, plant and equipment	(480)	(1,134)
Interest income received	428	807
	<hr/>	<hr/>
Net cash used in investing activities	(52)	(327)
Cash flows from financing activities		
Proceeds from issuance of new ordinary shares pursuant to share placement exercise	20,754	-
Share placement expenses paid	(78)	-
Listing expenses paid	(1,427)	-
Decrease in fixed deposits pledged	6,887	-
Net proceeds from issuance of shares by subsidiary to minority shareholders	646	-
Repayment of finance lease obligations	(50)	(27)
Interest expense paid	(123)	(19)
	<hr/>	<hr/>
Net cash from/(used in) financing activities	26,609	(46)

	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Net increase/(decrease) in cash and cash equivalents	4,914	(73)
Cash and cash equivalents at the beginning of year	7,649	7,722
Cash and cash equivalents and the end of year	<u>12,563</u>	<u>7,649</u>

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	30/06/2008 RM'000	30/06/2007 RM'000
Cash and bank balances	19,477	21,424
Bank overdraft	(26)	-
	<u>19,451</u>	<u>21,424</u>
Bank deposits pledged	(6,888)	(13,775)
	<u>12,563</u>	<u>7,649</u>

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 capitalising issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Company					
	Share capital RM'000	Restructuring reserve RM'000	Foreign currency translation reserve RM'000	Accumulated profits RM'000	Minority interests RM'000	Total equity RM'000
Group						
2008						
Balance at 1 July 2007	224,540	(201,554)	-	14,805	-	37,791
Foreign currency translation	-	-	12	-	6	18
Net income recognised directly in equity	-	-	12	-	6	18
Profit for the year	-	-	-	4,056	14	4,070
Total recognised income and expense for the year	-	-	12	4,056	20	4,088
Listing expenses	(3,598)	-	-	-	-	(3,598)
Issuance of new ordinary shares pursuant to share placement exercise	20,754	-	-	-	-	20,754
Share placement expenses	(78)	-	-	-	-	(78)
Issuance of new ordinary shares to minority interests	-	-	-	-	646	646
Balance at 30 June 2008	241,618	(201,554)	12	18,861	666	59,603
2007						
Balance at 1 July 2006	22,986	-	-	6,889	-	29,875
Profit for the year, representing total recognised income for the year	-	-	-	7,916	-	7,916
Issuance of new ordinary shares pursuant to the restructuring exercise	224,540	-	-	-	-	224,540
Adjustment arising from the restructuring exercise	(22,986)	(201,554)	-	-	-	(224,540)
Balance at 30 June 2007	224,540	(201,554)	-	14,805	-	37,791

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Company			
2008			
Balance at 1 July 2007	224,540	(218)	224,322
Loss for the year, representing total recognised expense for the year	-	(298)	(298)
Listing expenses	(3,598)	-	(3,598)
Issuance of new ordinary shares pursuant to share placement exercise	20,754	-	20,754
Share placement expenses	(78)	-	(78)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2008	241,618	(516)	241,102
2007			
Balance at date of incorporation	- *	-	- *
Loss for the year, representing total recognised expense for the year	-	(218)	(218)
Issuance of new ordinary shares pursuant to the restructuring exercise	224,540	-	224,540
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2007	224,540	(218)	224,322

* Less than RM1,000.

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 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.

On 26 March 2008, the Company issued 50,000,000 new ordinary shares at SGD 0.18 per share to fund the Group's business expansion and for working capital purposes. With the share placement exercise, the number of issued shares of the Company as at 30 June 2008 was 550,000,000. There were no other changes in the share capital of the Company for the financial year ended 30 June 2008.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures for the financial year ended 30 June 2008 have not been audited nor reviewed by the auditors.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the current financial year are consistent with those applied in the audited financial statements for the financial year ended 30 June 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.

The Group adopted all the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") which became effective for the accounting periods beginning on or after 1 January 2007.

The adoption of all new and revised FRS and INT FRS are currently assessed to have no material financial impact to the Group's financial statements for the current year.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Financial Year Ended 30/06/2008	Financial Year Ended 30/06/2007
Net profit for the year attributable to equity holders (RM)	4,056,000	7,916,000
Weighted average number of shares (No.)	513,150,685*	500,000,000
Basic earnings per share (RM cents)	0.79	1.58
Diluted earnings per share (RM cents) **	0.79	1.58

* Earnings per share for FY2008 has been computed based on the share capital as at 1 July 2007 after adjustment for 50,000,000 shares issued pursuant to the share placement exercise for 96 days, giving rise to the weighted average number of shares of 513,150,685.

** The basic and diluted earnings per share are the same as there were no potential dilutive ordinary shares outstanding as at 30 June 2007 and 2008.

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 financial period reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
Net asset value per ordinary share	RM0.11*	RM0.08**	RM0.44*	RM0.45**

* Based on issued share capital of 550,000,000 ordinary shares as at 30 June 2008.

** Based on issued share capital of 500,000,000 ordinary shares as at 30 June 2007.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

A. Review of Financial Performance

Financial Year Ended 30 June 2008 (“FY2008”) vs Financial Year Ended 30 June 2007 (“FY2007”)

Revenue

The Group's revenue decreased by RM7 million or 22.2% to RM24.6 million (FY2007: RM31.6 million). The general economic climate and political events severely impacted the general sentiments towards investments in Malaysia. The pre-need sales of burial plots / niches were accordingly affected. Revenue from sale of these products fell some RM8.2 million. The decrease was mitigated by the commencement of sale of columbarium niches and related bereavement care services.

Gross profit and gross profit margin

The Group recorded a lower gross profit of RM16.2 million (FY2007: RM25 million). It was estimated that RM5.5 million of the reduction was attributable to the reduction in sales volume. RM2 million of the reduction was attributed to a change in sales mix which include products with a lower profit margin. Commissions were increased to incentivise the sales team in response to deteriorating market sentiments, contributing a further RM1 million to the reduction.

Other income

Other income rose RM433,000 to RM438,000 (FY 2007: RM5,000). This was almost entirely attributable to higher foreign exchange gain of RM424,000 recorded in FY2008, an increase of RM419,000.

Selling and distribution expenses

Selling and distribution expenses for FY2008 decreased by RM1.2 million to RM2.5 million (FY2007: RM3.7 million). A targeted advertising campaign was launched in the second half of FY2007 costing some RM2.3 million. For FY2008, given the adverse market conditions, the Group did not consider it necessary to carry out the advertising campaign.

General and administrative expenses

The Group's general and administrative expenses increased by RM4.5 million to RM8 million (FY2007: RM3.5 million). This increase was mainly due to increases in director emoluments, staff salary and other staff related expenses totalling RM3 million, site administration of Semenyih Memorial Hills totalling RM519,000, compliance costs totalling RM475,000 as well as other general expenses of RM506,000.

Other expenses

Other expenses fell to RM32,000 (FY2007: RM3.6 million) due to an allowance for prepayment of RM3.4 million made in FY2007.

Financial income

The decrease in financial income to RM428,000 (FY2007: RM807,000) was mainly attributable to lower interest income caused by lower average funds placed as fixed deposits as compared to FY2007.

Financial expenses

The lower financial expenses was mainly attributable to decrease in fair value adjustment of trade receivables with extended credit terms to amortised costs of RM1.2 million. The decrease was partly offset by the increase in bank guarantee fees of RM96,000.

B. Review of Financial Position

Current assets

Current assets of the Group increased by RM26.6 million to RM76 million as at 30 June 2008. This increase of RM26.6 million was attributable to the following:

1. Inventories increased by RM11.2 million to RM25.4 million (FY2007: RM14.2 million). This was due mainly to additional construction costs incurred amounting to RM13.3 million in FY2008, offset by cost of sales of burial plots, burial niches and columbaria sold during the year which amounted to RM2.1 million.
2. Current trade receivables increased by RM18.9 million to RM29.9 million (FY2007: RM11 million). The increase comprised of credit sales of approximately RM20.1 million, the classification of RM3.1 million long term trade receivables outstanding as at the end of FY2007 and which were partly offset by the collection of approximately RM5.3 million during the year.
3. Cash and bank balances decreased by RM1.9 million to RM19.5 million (FY2007: RM21.4 million). This decrease was primarily attributable to the application of funds towards operating activities of RM22.6 million offset by RM 20.7 million of net proceeds from placement of shares.

Partially offsetting these increases was the realization of prepaid listing expenses made in prior year against share capital accounts which amounted to RM2.1 million.

Current liabilities

The Group's current liabilities amounting to RM15.5 million as at 30 June 2008, increased by RM5 million as compared to 30 June 2007. This was mainly due to increase in amounts payable to contractors for development works and commission payable which amounted to RM3 million and RM4.0 million respectively. The increases were partly offset by a reduction of RM3 million in tax payable.

C. Review of Cash Flow

The Group recorded an increase in cash and cash equivalents of RM4.9 million in FY2008 as compared to a decrease of RM73,000 in FY2007. The increase was primarily attributable to net proceeds of RM20.7 million from the issuance of new ordinary shares pursuant to the Company share placement exercise, the discharge of fixed deposits pledged to a licensed bank amounting to RM6.9 million and the increase in trade and other payables and accruals of RM7.9 million. The increase was partly offset by the lower net profit from operations of RM6.4 million, increases in trade receivables of RM19.5 million and disbursements for development expenditure and corporate income tax of RM11.2 million and RM5.2 million respectively.

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 significant trends and 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.

The bereavement care services industry is capital intensive and requires specialised industry knowledge. During the financial year, the construction work in Semenyih Memorial Hills (SMH) has progressed with the completion of initial launch zones, the landscaping, main access road, the lake and other common infrastructures. The construction of reception and ceremony halls are expected to be completed and ready to use by the end of year 2008. With the completion of the major development works, the management will be focused on the sales and marketing of the Group bereavement products. In addition, the Group incorporated a 70% owned subsidiary, U&U Memorial Marketing (KL) Sdn Bhd (“UUKL”), on 1 April 2008. UUKL was incorporated to market and package the Group bereavement products and is led by a managerial team of experienced bereavement care professionals. UUKL has appointed a number of sales agents and the number of retail sales of burial plots was increased in the fourth quarter of FY2008. It is expected that a higher level of retail sales will be generated in FY2009.

The Group, however, will remain heavily dependent upon pre-need sales of burial plots and niches in Malaysia. The directors expect trading conditions especially for pre-need sales will continue to be difficult as economic and political uncertainties persist.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No dividend has been declared for the financial year ended 30 June 2008.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Revenue and profit of the Group for the financial year ended 30 June 2008 were mainly derived from the sale of burial plots to customers in Malaysia. The principal assets employed by the Group are located in Malaysia. Accordingly, no segmental information is presented.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 for review of performance.

15. A breakdown of sales.

	Latest financial year RM'000	Previous financial year RM'000	% increase/ (decrease)
(a) Sales reported for first half year	15,695	15,117	3.8%
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	5,974	6,692	(10.7%)
(c) Sales reported for second half year	8,890	16,492	(46.1%)
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	(1,904)	1,224	(255.5%)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

- (a) Ordinary**
- (b) Preference**
- (c) Total**

Not applicable.

17. Interested persons transactions

Not applicable.

BY ORDER OF THE BOARD

Michael Chu
Chief Financial Officer
29 August 2008